

THE MULTIPLE FACETS OF CORPORATE PURPOSE: AN ANALYTICAL TYPOLOGY

Marya Besharov
University of Oxford
marya.besharov@sbs.ox.ac.uk

Björn Mitzinneck
University of Groningen
b.c.mitzinneck@rug.nl

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ABSTRACT

As firms increasingly adopt a corporate purpose, there is substantial variation in what this turn to purpose actually entails and divergent views about whether and how firms can realize their purpose aspirations. To capture this variation and analyze its implications for enacting purpose, we leverage three existing bodies of research in organization and management theory: early organization theory illuminates uses of purpose to convey an organization's overarching reason for being, organizational hybridity sheds light on purpose as an alternative organizational objective to profit maximization, and systems perspectives offer tools for explaining purpose as a catalyst of systemic change beyond the boundaries of the firm. The typology that we develop based on these three bodies of research provides analytical clarity about distinct facets of the corporate purpose phenomenon and surfaces complementary insights into challenges and opportunities associated with purpose enactment. In doing so, it illuminates the value of drawing on existing organization and management theories for advancing corporate purpose scholarship and provides a springboard for future research.

INTRODUCTION

Amidst mounting calls from business associations, consultants, and NGOs for greater attention to corporate purpose (Business Roundtable 2019, McKinsey 2022, World Economic Forum 2020) and increasing adoption of an explicit purpose by firms (Eccles et al. 2022), there is wide variation in how firms approach purpose and correspondingly, how scholars conceptualize this phenomenon (George et al. 2021). Some practitioners and scholars emphasize purpose as an organization's (espoused) reason for being, to be conveyed to employees and other organizational constituents (for examples see Gulati 2022, Rindova and Martins 2023, Durand 2023, Gartenberg and Serafeim 2022). Others focus on how purpose serves as an alternative to profit maximization, forming part of a stakeholder rather than shareholder orientation for the firm (see Battilana et al. 2022, Kaplan 2023, Mayer 2018). Still others highlight that purpose can be a catalyst of broader systems change, with the potential for having impact well beyond the boundaries of the firm (see the "outside-in" perspective in Almandoz 2023, Henderson 2020, 2021a, 2021b). The co-existence of these varied, albeit not mutually exclusive, approaches creates confusion about the nature of corporate purpose and raises questions about the implications for its enactment (Davis 2021, George et al. 2021, Patriotta 2021).

To address these issues, we draw on three bodies of research in organization and management theory that offer complementary analytical tools for capturing distinct facets of the corporate purpose phenomenon. First, the work of early organization theorists, who explained how organizations develop a distinctive character with meaning and value beyond technical efficiency and economic performance (e.g., Barnard 1938, Follett 1940, Selznick 1948, 1949, 1957), provides tools for analyzing purpose when used to convey an overarching reason for being. Second, research on organizational hybridity, which explains how organizations come to instantiate multiple and often competing logics, forms, or identities

(e.g., Albert and Whetten 1985, Battilana et al. 2017, Besharov and Mitzinneck 2020, Thornton et al. 2012), sheds light on purpose when used as an alternative to profit maximization. Third, systems perspectives that explain interdependence and feedback loops between entities in social and ecological systems (e.g., Berkes and Folke 1998, Emery and Trist 1965, Forrester 1964, 1968, Ostrom 2007, 2009, Trist 1981) and the role of organizations affecting these systems (Mair and Seelos 2021, Stern and Barley 1996), can help scholars analyze purpose when used as a catalyst of systemic change.

Drawing on these three bodies of research, we develop a typology of corporate purpose enactment that identifies distinct origins, challenges, and opportunities associated with each facet of the phenomenon and surfaces critical questions for future research (see Table 1 for a summary). Our typology contributes analytical clarity, offering complementary insights that together provide a more complete and robust explanation of the multi-faceted corporate purpose phenomenon. In doing so, the typology illuminates the value of drawing on existing organization and management research for developing explanations of purpose and its enactment that are both relevant and rigorous (Henderson 2021a, Simsek et al. 2018, Vermeulen 2005), and it provides an analytical foundation for counterbalancing the prevailing optimism among practitioners about the potential for purpose to bring about change within and beyond corporations.

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PURPOSE AS AN OVERARCHING REASON FOR BEING

In the early to mid-twentieth century, in reaction to theories of scientific management that appeared to remove human and social dynamics from the analysis of organizations (Taylor 1911), several new conceptions of organizations emerged that emphasized the role of values, meaning, and purpose in enabling organizations to accomplish their objectives (Barnard 1938, Follett 1940, Selznick 1948, 1949, 1957). Although they used somewhat

different language and drew inspiration from varied types of organizations, these early organization theorists shared a conceptualization of purpose as the embodiment of an organization's ultimate values and substantive aspirations for its place in the world, which form part of its identity and character.

Mary Parker Follett (1940: 288) referred to purpose as “the invisible leader” in organizations, which enabled employees to understand their role in the organization and in turn, the organization's role in society. Writing around the same time, Chester Barnard (1938) asserted that economic incentives alone would not suffice to motivate effort from organizational members. He argued that what is needed to generate cooperation and effort, and in particular to generate a willingness to contribute above and beyond the mere formal requirements of one's job, is a common purpose in which all organizational members believe and which they hold as a moral obligation, so much so that they are willing to sacrifice their own personal priorities in the service of it. Philip Selznick (1948, 1957) articulated a related set of ideas, emphasizing that organizations are not just economic entities with technical and administrative functions but also value-laden entities with purposive and expressive functions. When an organization's value-laden purpose is firmly embedded in and upheld by its technical processes and operations, he contended, the organization becomes an enduring institution.

The conception of purpose that emerges from this work provides a basis for interpreting and explaining contemporary uses of purpose by firms to refer to an organization's overarching reason for being, and associated conceptualizations of purpose developed by scholars (e.g., Frerot and Durand 2022, Durand 2023, Gulati 2022, 2023, Gartenberg 2023, Gartenberg et al. 2019, Gartenberg and Serafeim 2022, Rindova and Martins 2018, 2023, see also the “inside-out” perspective in Almandoz 2023). In particular, early organization theory perspectives offer several transferrable insights about the

challenges and opportunities that arise when corporate purpose serves as a firm's reason for being, strengthening and extending understanding of this approach to purpose in several ways. First, early organization theory perspectives emphasize that an organization's reason for being is situated in and emerges from the particular communities and societal contexts in which the organization is embedded. Selznick, for example, stressed that purpose develops over the course of an organization's history and its engagement with the communities and stakeholders on whom it was dependent (Besharov and Khurana 2015, Selznick 1957). Likewise, Follett (1940) argued that purpose not only binds employees together but also links the firm to society, encapsulating its contribution to the community in which it is embedded. This work thus sensitizes contemporary scholars to the origins of purpose and the processes through which it develops and evolves over time, highlighting limits on leaders' ability to freely shape their firm's purpose. Future research can build on these insights to explore, for example, how organizational history constrains leaders in shaping purpose, and how leaders can leverage and reinterpret that history to craft a purpose that fits the organization's current needs and ambitions (e.g., Ravasi et al. 2019).

Second, early organizational theorists, and particularly Selznick, identify and explain challenges to enacting and sustaining purpose that arise from interdependence and ongoing tensions between the technical, administrative side of organizations on the one hand and their value-laden, purposive side on the other (Besharov and Khurana 2015, Selznick 1957). While technical and administrative practices should in theory operate in support of an organization's purpose, "the trouble is that what is good for the [technical] system does not necessarily serve the standards or ideals the institution is supposed to uphold" (Selznick 1992: 244). Purpose, and the values that underpin it, are thus "precarious" and easily displaced, and even well-intentioned leaders may fail to see the implications of seemingly mundane administrative arrangements or may make operational decisions that ignore, or even undermine, the

organization's purpose. For examples, Kraatz, Ventresca, and Deng (2010) show that US liberal arts colleges' adoption of "enrolment management" – an apparently innocuous administrative structure and corresponding set of practices in which admissions and financial aid offices are consolidated into a single organizational unit and decisions about financial aid are based on enrolment and financial targets – had the effect of bringing market values into these organizations and undermining their historical commitment to equal access to higher education. In addition to these internal dynamics, there are also external challenges to sustaining purpose: As Selznick (1949) documented in his classic study of the Tennessee Valley Authority, organizations risk cooptation by external stakeholders who impose their own values and priorities, potentially reshaping the organization's purpose to fit their interests.

Third, beyond explaining challenges that arise from the precarity of purpose, early theorists also offer explanations of how organizations can guard against this risk by institutionalizing purpose within the firm. Selznick argued that because purpose is threatened by seemingly mundane administrative arrangements and pressures for technical efficiency and effectiveness, ongoing leadership work is needed to realize and sustain it (Besharov and Khurana 2015, Kraatz 2009, Selznick 1957). Drawing on Selznick's work, Besharov & Khurana (2015) highlight several ways in which leaders can embed and sustain values and purpose over time, including: 1) maintaining institutional integrity by making real the established values and purpose through organizational action; 2) embodying values and purpose in the social structure of the organization; 3) infusing meaning into organizational life by connecting members' activities with the organization's values and purpose, and 4) "playing the part" by enacting organizational values and purpose in their own behavior.

Fourth, early organizational theorists highlight not just challenges and means of guarding against them, but also opportunities that arise from embedding purpose within an

organization, particularly opportunities to foster meaningful work experiences for organizational members. Selznick argued that embedding purpose in the social structure of an organization not only offers instrumental benefits in terms of economic performance; it also fosters a sense of meaningfulness. As members internalize their organization's purpose and contribute to realizing it, Selznick argued, this gives them a sense of worth and value from their work (Besharov and Khurana 2015, Podolny et al. 2004, Selznick 1957). This perspective on the role of purpose in fostering meaningfulness is consistent with contemporary research that recognizes a sense of worth as one of two fundamental forms of work meaningfulness (Lepisto and Pratt 2017) and examines how an organization's mission and purpose can contribute to this (Beer et al. 2022, Besharov 2014, Bunderson and Thompson 2009, Carton 2018, Kouamé et al. 2022).

Although some recent corporate purpose research also connects purpose with meaningfulness (e.g., Gartenberg and Serafeim, 2022), it tends to do so by defining and measuring the former in terms of the latter (e.g., Gartenberg et al. 2019), whereas early organization theorists and scholars drawing on their work distinguish the two, conceptually if not also empirically (Besharov and Khurana 2015, Carton 2018, Podolny et al. 2004, Selznick 1957, see also Jasinenko and Steuber 2022). Moreover, recent corporate purpose research tends to focus on linking purpose to performance (for an exception, see Jasinenko and Steuber 2022), often through meaningfulness and other micro-organizational behavior outcomes, whereas early organization theorists emphasized purpose and meaningfulness as ends in themselves (see Podolny et al. 2004). In these ways, early organization theory perspectives complement and extend contemporary corporate purpose research by raising questions about the consequences of purpose for meaningfulness and the mechanisms through which purpose enables or inhibits a greater sense of meaningfulness as well as related outcomes such as wellbeing (see Jasinenko and Steuber 2022). Future studies of

purpose can build on these insights by broadening the range of outcomes considered to include a value-laden not just instrumental factors, examine these across multiple levels, and explore the relationships between them (e.g., Beer et al. 2022).

PURPOSE AS AN ALTERNATIVE TO PROFIT MAXIMIZATION

Some proponents of corporate purpose actively challenge shareholder value maximization as the primary logic according to which corporations should be run. Civil society thought leaders, business executives, and academics alike are questioning whether firms should continue to receive a license to operate if they create major social and environmental costs faced by the general public to generate private profits for few (e.g., Hollensbe et al. 2014). Purpose beyond profit is extolled as an alternative to shareholder value primacy that can help firms deliver on multiple dimensions of value (Battilana et al. 2022, Mayer 2021). Yet, such broader value creation is not uncontested, and profit pressures on public corporations remain pervasive. Activities at odds with shareholder value creation may be seen as violations of fiduciary responsibility (Sandberg 2013). Firms being recognized for their non-financial performance may even decide to subsequently reduce their CSR activities so as not to be devalued (Lewis and Carlos 2022) or targeted by activist investors who consider CSR “wasteful” (DesJardine et al. 2021). The concomitant embrace of social and environmental concerns alongside profit thus leads to a somewhat unconventional and tenuous mix.

Such an approach to corporate purpose echoes, and can be informed by, research on organizational hybridity, defined as the mixing of core organizational elements that do not conventionally go together (Battilana et al. 2017). Organizations that exhibit hybridity may combine identities – shared views among members about “who we are” and “what we do” – that “would not normally be expected to go together” (Albert and Whetten 1985: 271). They may also span multiple established social categories, combining features from the

organizational forms associated with each one (Pólos et al. 2002, Wry et al. 2014, Zuckerman 1999). Finally, they may instantiate multiple societal-level rationales or “logics” that consist of historically patterned values and practices (Battilana and Dorado 2010, Friedland and Alford 1991, Thornton et al. 2012). Moreover, these three ways in which hybridity manifests are inter-related, with logics serving as an umbrella within which associated forms and identities are nested.

A hybridity lens helps explain uses of purpose associated with a stakeholder logic that challenges the dominant shareholder logic in corporations. Firms that straddle the two logics, combining purpose and profit maximization as dual objectives, can be seen as hybridizing. This hybridity may manifest structurally in elements of the organization’s form, such as new governance practices and legal statuses that formally embed social and environmental considerations into the core of the for-profit firm, as for example in the case of public benefit corporations or certified B Corps (Kim et al. 2016, Rawhouser et al. 2015). It may also manifest culturally in a firm’s identity, through new understandings among organizational members about “who we are” and “what we do” that include social and/or environmental considerations (Rauch and Ansari 2022).

Hybridity research points to several challenges and opportunities likely to arise when using purpose as an alternative to profit maximization. First, hybridity research identifies key external challenges facing organizations that straddle multiple logics, particularly related to legitimacy and resource acquisition (Battilana et al. 2017). For example, a long line of studies has demonstrated that audiences devalue hybrids, resulting in an “illegitimacy discount” that manifests in lower market valuation or reduced revenues compared to non-hybrids (Hsu 2006, Zuckerman 1999). The consequences of Unilever’s “Sustainable Living Plan” strategy illustrate this finding in the context of corporate purpose: The strategy was intended as a corrective to profit maximization, meant to deliver long-term value for a broad range of

stakeholders (Polman and Winston 2021), but when then-CEO Paul Polman announced he would discontinue quarterly earnings reports to facilitate this approach, the company lost over \$2 billion market-capitalization (Henderson 2021b). Such devaluations are likely when audiences suspect the firm is losing sight of its core value proposition (Paoletta and Durand 2016). Even as investors are increasingly prepared to recognize non-financial value in their decision making, firms considered at risk of undercutting a minimum return threshold are likely to be disregarded (Wry and Durand 2020). Moreover, external audiences frequently differ in their expectations of an organization. Where investors may focus on financial returns, NGOs and watchdog organizations emphasize social or environmental performance shortfalls. Hybridizing organizations publicly traversing shareholder and stakeholder logics therefore need to contend with audience expectations on both fronts (Pache and Santos 2013) and may struggle to retain audiences' support and associated resources (Battilana et al. 2015).

While research on the external challenges of hybridity has focused on organizations such as social enterprises or microfinance organizations that were *born* hybrids, corporations embracing purpose as an alternative to profit maximization are often *becoming* hybrids, for instance by undergoing B-Corp certification. As such, they offer the potential to test and refine extant theory. For example, whether and how stakeholder dialogue can be used by hybridizing firms to avoid an illegitimacy discount remains poorly understood. Similarly, it is unclear how a firm's legacy may become an asset or a liability in hybridization. Studies of firms that seek to reconcile purpose and profit offer fertile ground for addressing these issues and can advance research on corporate purpose while also extending theories of organizational hybridity.

Second, a hybridity lens highlights and explains a host of internal challenges that arise when firms incorporate purpose as an alternative to profit maximization. Straddling logics that embrace fundamentally different value systems and practices creates competing demands

and tensions for organizations (Battilana et al. 2017, 2022, Pache and Santos 2010, Smith et al. 2013). This in turn can lead to unintended mission drift, as organizations accommodate the interests of more powerful or resource-rich external stakeholders or internal constituencies representing just one side of competing demands at the expense of others (Ebrahim et al. 2014, Grimes et al. 2019). In addition, internal conflict can develop between factions representing different sides of the hybrid, resulting in stalemates, performance decline, and potentially organizational demise (Battilana and Dorado 2010, Besharov and Smith 2014, Capellaro et al. 2020, Fiol et al. 2009, Glynn 2000). Such challenges are evident in contemporary proclamations of corporate purpose that are not matched by meaningful change in actual practices (e.g., Winston 2019, Raghunandan and Rajgopal 2022). They also show up in conflicts between factions of employees, board members, or investors who seek to prioritize purpose over profit or vice versa, as evident in the recent struggle at Danone between former CEO Emanuel Faber and supporters of his emphasis on sustainability and responsible capitalism on the one hand, and activist investors and board members concerned about financial performance on the other (Abboud 2021, Van Gansbeke 2021a, 2021b).

Third, going beyond simply highlighting internal challenges, hybridity research also alerts us to factors that shape the likelihood, intensity, and nature of tensions arising from straddling shareholdersim and stakeholderism, including the logics' compatibility, centrality, and settledness within a firm and across its institutional context (Besharov and Mitzinneck 2020). Compatibility can be understood as the extent to which logics entail consistent or contradictory cognitions and actions (Besharov and Smith 2014). It thus influences the likelihood that tensions arise as firms enact purpose commitments. While purpose and profit may go hand in hand in realizing "win-win" innovations or change efforts, such synergies are not always feasible (Eccles and Serafeim 2013). Indeed, many transformations, such as those of the Danish energy firm Ørsted moving from coal to wind energy following its purpose of

“Let’s create a world that runs entirely on green energy” (Ørsted, 2023), are fraught with situations in which purpose and profit considerations are not aligned. In such cases, the fiduciary responsibility of managers may be called into question (Siegel 2016), as evident in the case of Danone noted above. Moreover, the greater the incompatibility between purpose and profit maximization, the more organizations are likely to experience internal dissent (Pache and Santos 2010), with factions fighting over the right course of action and the very nature of the organization itself (Glynn 2000).

Centrality can be understood as the extent to which multiple logics are equally core in directing organizational activity, versus one of them being dominant with the other playing a peripheral role (Besharov and Smith 2014). Having a purpose that is central to the organization has been linked to increased job satisfaction and sustainability behaviors among employees (Bhattacharya et al. 2022, Jasinenko and Steuber 2022). Yet, whether a central purpose and its associated benefits translate into firm performance (Gartenberg et al. 2019) may depend on compatibility as well. If purpose and profit commitments are equally central to the organization but incompatible, internal conflict is likely to ensue (Besharov and Smith 2014). Centrality shapes the intensity of such conflicts. The more both purpose and profit are regarded equally in a firm, the harder a fight about the right course of action in a situation where they make different prescriptions will be. Furthermore, centrality may affect the “stickiness” of purpose commitments. When centrality is higher, it is harder for leaders to alter strategic direction or rapidly respond to new situations (Besharov and Mitzinneck 2020), as more complex decision-making processes and internal negotiations are needed to avert internal conflict between adherents of shareholder and stakeholder logics (Battilana et al. 2015). With low centrality, in contrast, one pole clearly dominates and thus offers a clear guide for action, creating a hierarchy of goals and enabling faster decision-making.

Settledness can be understood as the extent to which the simultaneous pursuit of two logics is well-established and supported versus novel and contested (Raynard 2016). For firms in industries with greater consensus on the value and importance of pursuing purpose and profit concomitantly, tensions between shareholder and stakeholder logics are likely to be muted. In the renewable energy industry, for example, economizing and ecologizing have blended, such that purpose and profit are likely to be regarded as synergistic not adversarial (York et al. 2016). Generally, as social and ecological concerns are becoming more widespread, mixing purpose and profit may be seen as conducive to value generation rather than antithetical (Ioannou and Serafeim 2015), although recent evidence suggests that for many firms this is not yet reality (DesJardine et al. 2021).

Finally, hybridity research points not only to challenges that arise from embracing both shareholder and stakeholder logics and factors that influence the magnitude of these challenges; it also attunes us to opportunities that arise from hybridization. The mixing of core organizational elements that conventionally do not go together can spur innovation (Battilana et al. 2017), as firms recombine structures, capabilities, and resources in novel ways (Dalpiaz et al. 2016, Stark 1996). Likewise, by working through paradoxical tensions between purpose and profit maximization, firms may develop novel solutions to persistent challenges (Jay 2013). Indeed, encountering such tensions may help firms become more ambidextrous (Andriopoulos and Lewis 2009), strengthening continued innovation and subsequently also performance (Henderson 2021a). Positive effects of organizational hybridity can also manifest at an individual level, as employees exposed to different logics at work generate new ideas to improve their work-flows or find novel ways of completing their tasks (Jarzabkowski et al. 2013, McPherson and Sauder 2013). Notably, factors that influence the magnitude of these hybridity benefits remain much less understood than factors influencing the magnitude of challenges. This represents a promising direction for research

on corporate purpose: understanding conditions that amplify the benefits of adopting purpose as an alternative to profit maximization is not only practically relevant but also theoretically interesting for advancing theories of hybridity.

PURPOSE AS A CATALYST OF SYSTEMIC CHANGE

Whereas early organization theory and hybridity research help to explain how purpose is being deployed to shape behavior at the individual and organizational levels, systems perspectives offer insights into uses of corporate purpose as a catalyst for change at the level of social and ecological systems within which firms operate.

Business leaders and scholars alike are increasingly recognizing that the world's most pressing social and environmental issues are systemic in nature and that firms have a critical role to play in transforming economic, social, and ecological systems to address these issues (Henderson 2020, 2021a, 2021b, Raworth 2017, Whiteman et al. 2013, Williams et al. 2017). For example, former Unilever CEO Paul Polman has dedicated his post-Unilever career to advocating for corporations to not only transform their internal operations but also work towards changing the systems in which they are embedded in order to address climate change, inequality, and other social problems (Polman and Winston 2021). Even firms that have contributed to systemic problems such as the climate crisis are pivoting their purpose statements toward addressing these very issues. BP, for example, now states that its purpose is “to reimagine energy for people and planet... and help the world get to net zero” (BP 2022). Although there is skepticism about whether such statements will translate into meaningful action (e.g., Davis 2021), they nevertheless reflect an important dimension of the turn to purpose, one that positions the firm as playing a role in catalyzing systemic change (for a summary, see the “outside-in” perspective in Almandoz 2023). Indeed, some scholars have argued that corporate purpose is particularly powerful precisely because it can help to

foster the kind of “architectural innovation” that is needed to transform large-scale systems (Henderson 2021a).

Systems perspectives in organization theory and related disciplines are well-suited for analyzing corporate purpose as a catalyst of systemic change, because they explain processes through which social systems emerge and evolve, as well as the role of organizations in affecting these systems (see Mair and Seelos 2021, Stern and Barley 1996).¹ By shedding light on dynamics that limit the efficacy of corporate purpose as a catalyst of systemic change, systems perspectives substantiate concerns raised by scholars about the risk that existing legal, regulatory, and governance structures will reinforce the status quo, limiting prospects for meaningful change (Davis 2021). At the same time, they also highlight opportunities for disrupting the status quo and surface organizational capacities required to realize these opportunities (Mair and Seelos 2021).

Three system perspectives in particular offer useful and complementary analytical tools. First, system dynamics, which grew out of Forrester’s (1964) research on employment instability at General Electric plants in the 1950s, uses concepts of stocks, flows, and auxiliaries, alongside mechanisms such as feedback loops, path dependence, and inertia, to build models and simulations of organizational phenomena. Adopting this approach, researchers have modelled feedback loops between customers, firms, and the natural environment to understand the possibilities for a firm’s purpose and associated business model to transform ecological systems (e.g., Abdelkafi and Täuscher 2016). Second, sociotechnical systems theory (Emery and Trist 1965, Trist 1981), which comes from a more interpretivist, humanist tradition, directs attention to the interdependence of social and

¹ In this respect, systems perspectives are distinct from “open systems” approaches (Scott and Davis 2007), such as resource dependence (Pfeffer and Salancik 1978), organizational ecology (Hannan and Freeman 1977), new institutional theory (DiMaggio and Powell 1991), and more recent offshoots (see Glynn and D’Aunno 2023) that focus primarily on interdependence between organizations and the external environments in which they operate, rather than on the dynamics of systems as a whole and the mechanisms through which organizations influence these dynamics.

technical features, not just either one alone. Among other applications, this approach has been used to identify factors that influence firms' ability to catalyze systemic change, including the capacity to navigate (inter-organizational) conflict (Jørgensen 2012) and to engage in political action (Gasbarro et al. 2017). Third, social-ecological systems theory (Berkes and Folke 1998, Ostrom 2007, 2009), foregrounds the relationship between humans and nature and the consequences of their interaction (Caniglia and Mayer 2021), drawing on social ecology and environmental sociology (Holling 2001) as well as collective action research (Ostrom 1990). This perspective has been used to explain how organizations address natural resource scarcity in the ecosystems in which they operate (Tashman 2021) and how firms' sustainable business models influence socio-ecological resilience (Dentoni et al. 2021).

Research adopting these systems perspectives points to distinct challenges and opportunities that are likely to arise when firms seek to enact corporate purpose as a means of catalyzing systemic change. First, this work highlights challenges stemming from interdependence amongst a system's constituent entities and feedback loops between them. Interdependence involves not only ties between firms and across entire value chains and industries but also relationships between broader social, economic, and ecological realms (Williams et al. 2017). For example, sociotechnical systems research on efforts to promote zero-carbon homes highlights the role of political actors who powerfully shape whether and how potential changes are implemented (Edmondson et al. 2019), while studies of sustainability transitions highlight the critical roles played by intermediary organizations (Kivimaa et al. 2019). In such contexts, unilateral action by firms and even industry-level cooperation are unlikely to catalyze systemic change. Given the dynamic nature of interwoven social and ecological systems, organizations need to find ways of cooperating that account for the emerging nature of the problems encountered (Sharma et al. 2022).

Interdependence with ecological systems also creates challenges due to differences in the time scales on which the natural world operates compared to firms' (typically shorter-term) action and planning horizons (Kunz et al. 2013, Slawinski and Bansal 2015, Winn and Pogutz 2013).

Feedback loops deepen interdependence, as they entail secondary effects that can amplify or mitigate the strength of the direct relationships between entities in a system (Walker and Salt 2006). When such effects are not fully understood or taken into account by firms, actions to advance systemic change are unlikely to yield their intended outcomes, and the system as a whole may become more vulnerable and less resilient rather than changing sustainably (Sterman 2001, Whiteman et al. 2013). In fact, when feedback loops are overlooked, they may lead to unintended consequences and rebound effects – as when eco-efficiency gains are overpowered by the demand increases they trigger (Ehrenfeld 2008). Together, these insights into unintended consequences and feedback loops raise critical questions for future research about how corporate leaders can mitigate the challenges of using purpose to catalyze systemic change. For example, what factors help leaders to recognize interdependencies and feedback loops and incorporate these into their decision-making processes? How can unintended consequences be anticipated and avoided?

Second, research adopting systems perspectives points to opportunities for firms to leverage purpose to transform systems and identifies underlying mechanisms through which this can occur. For example, research on nonprofit social change organizations that work to address complex problems such as inequality finds that concealing the underlying social change motive is critical for generating buy-in from high status actors who would otherwise resist change (Mair et al. 2016). For the context of corporate purpose, this research suggests that open, explicit advocacy by corporate leaders seeking to contribute to systemic change, while potentially helpful for enlisting stakeholders with shared objectives, such as NGOs and

governments, can potentially undermine a firm's efforts by activating resistance from less well-aligned yet equally critical stakeholders, such as investors. Both the Danone and Unilever examples elaborated above illustrate this challenge. This raises questions about possible trade-offs between transparency and concealment in assembling a broad coalition of stakeholders to catalyze systemic change, as well as questions about how such trade-offs might be shaped by characteristics of the systems in which firms are embedded.

Systems research on for-profit firms working toward positive social change offers further insights into opportunities of leveraging purpose to transform systems by distinguishing between deep- and surface-level change strategies (Stephan et al. 2016). Deep-level strategies involve learning-oriented approaches in which firms work closely with the targets and intended beneficiaries of their change efforts around multiple, interlinked issues such as health and social inclusion. While they are relatively slow to take effect, deep-level change strategies are associated with more pervasive, durable, and embedded forms of social impact. In contrast, surface-level change strategies tend to be less collaborative and somewhat more reactive, involving relatively narrow interventions that leverage extrinsic motivators to drive targeted changes in behavior. These strategies take effect more quickly but tend to create temporary and contingent forms of impact. In the context of corporate purpose, this work implies that firms pursuing deep-level approaches are more likely to catalyze systemic change, yet such effects will take longer to be realized. Moreover, they require a capacity for learning and adaptation in collaboration with partner entities from varied institutional spheres – which not all organizations possess in equal measure (George et al. 2023). These insights raise questions about how firms and their leaders can realize opportunities for catalyzing change. For example, what factors and processes facilitate adoption of deep-level change strategies? How can firms that have historically adopted a surface-level strategy shift to a deep-level strategy?

Finally, beyond their implications for understanding the challenges and opportunities of enacting purpose as a catalyst of systemic change, systems perspectives also help to challenge assumptions implicit in uses of purpose as an overarching reason for being or an alternative to profit maximization, serving as a “reality check” on whether these approaches actually contribute to solving environmental crises and societal problems. For example, if purpose as an overarching reason for being is derived from a firm’s history as suggested by early organizational theory, it may not necessarily be aligned with the most pressing systemic issues but rather with priorities that benefit the firm. Approaching purpose as an alternative to profit maximization can run into similar issues. Which goals beyond profit receive attention may be shaped more by preferences of powerful stakeholders inside and outside the firm than by systemic urgency and societal needs. Systems perspectives thus raise critical questions about whether firms adopting a purpose will actually be able to leverage that purpose to sustain their “license to operate” in the face of compounding social and environmental crises and shifting societal expectations of firms’ role in addressing these crises (Hollensbe et al. 2014). For scholars interested in doing impactful research (Gulati 2007, Hoffman 2021), systems perspectives may therefore be especially valuable, as they ground the turn to purpose in the context of societal problems, the system dynamics that serve to perpetuate these problems, and the prospects for meaningful change.

DISCUSSION AND CONCLUSION

As practitioners’ turn to corporate purpose draws increasing attention from organization and management scholars, there is little agreement on what purpose really entails and uncertainty about whether and how it can be enacted (Davis 2021, George et al. 2021, Patriotta 2021). We offer clarity by leveraging research from early organization theory, organizational hybridity, and systems perspectives to develop an analytical typology of the

contemporary corporate purpose phenomenon. In doing so, our paper contributes to the emergent corporate purpose literature in several ways.

First, the three bodies of research on which we draw highlight a spectrum of internally and externally focused dynamics associated with purpose enactment, collectively surfacing distinct yet complementary insights into the nature and implications of corporate purpose. Early organization theory focuses attention on internal organizational dynamics, foregrounding relationships between individuals and firms and showing how purpose can foster meaningfulness and alignment among organizational members. In contrast, organizational hybridity directs attention to a combination of internal and external dynamics, foregrounding the emergence of purpose as a new strategic objective alongside profit and the resulting risk of conflict between internal factions associated with each one, while also showing how these internal shifts and tensions are shaped by external forces beyond the boundaries of the organization. Finally, systems perspectives direct attention to externally focused dynamics, foregrounding the role of firms in shaping the broader political, social, and natural systems in which they operate.

Given these complementarities in focus, juxtaposing insights from the three bodies of research offers a more complete and robust explanation of the phenomenon (on the value of combining internally and externally focused approaches, see Almandoz 2023). For example, while early organization theory emphasizes that purpose can foster meaningfulness and alignment amongst employees, hybridity research cautions us that it can also fuel inter-group conflict and divisiveness when internal constituencies hold different priorities and values (Battilana and Dorado 2010, Glynn 2000). Conversely, while hybridity research treats purpose and profit maximization as alternative strategic ends that firms might pursue, early organization theory implies that purpose and profit should not be treated as conceptually equivalent: purpose serves as a valued end in itself, whereas profit maximization represents a

technical means to pursuing that end. There are also complementarities between both these bodies of research and systems perspectives. For example, to fully understand and explain how organizations can sustain purpose as a reason for being or hybridize purpose with profit, scholars can benefit from systems perspectives' insights into constraints arising from system interdependence and feedback loops, which risk undermining an individual firm's turn to purpose. At the same time, to understand how purpose can be a catalyst for systemic change, scholars may benefit from considering the internal dynamics associated with managing hybridity of purpose and profit as well as the value of developing a purpose that is consistent with and drawn from the organization's history and immediate community of stakeholders.

Second, by leveraging these three bodies of work to offer complementary insights into the multi-faceted corporate purpose phenomenon, our paper illuminates the value of bringing extant organization and management theories to bear in studying corporate purpose. Research in this area offers an opportunity for 'practical relevance' that has long been decried as lacking in our field (see e.g., Simsek et al. 2018, Vermeulen 2005). Yet there is a risk of reifying purpose when the phenomenon is not unitary and therefore may not be fully captured and explained with a single concept or theory. As we have shown, existing organization and management theories are well-suited for capturing distinct facets of the phenomenon, thereby providing analytical clarity. Moreover, the insights that emerge from drawing on existing theories provide a foundation for checking and counterbalancing the prevailing optimism among practitioners about the potential for purpose to bring about change within and beyond corporations (Business Roundtable, 2019; McKinsey, 2022; World Economic Forum, 2020). As our typology highlights, there are substantial constraints on enacting purpose, whether approached as a reason for being, an alternative to profit maximization, a catalyst of systemic change, or some combination of the three. For example, early organization theory reminds us that to have meaningful impact within and beyond the firm, purpose cannot simply be freely

chosen; it must be embedded within the organization's own structure and in the communities with whom it is interdependent (Selznick 1957). Hybridity research, meanwhile, underscores the risk that attention to purpose alongside profit maximization will fuel internal conflict (e.g., Besharov and Smith 2014, Pache and Santos 2010). Moreover, both early organization theory and hybridity research highlight the precarity of purpose and the risk that it will become displaced by profit maximization due to power struggles, unintended drift, or insufficient institutionalization within the firm (e.g., Battilana and Dorado 2010, Selznick 1949). Systems perspectives remind us of sources of inertia and interdependencies that can work against even well-intentioned firms' efforts to catalyze systemic change (Sterman 2001, Whiteman et al. 2013).

Finally, and of particular relevance given these constraints, our typology offers a springboard for future research to further unpack the challenges involved in enacting purpose – whether as a reason for being, alternative to profit maximization, or catalyst of systems change – as well as the processes by which firms navigate these challenges. The research questions surfaced in Table 1 offer a starting point for this inquiry, and we encourage scholars to build on them to advance rigorous and relevant scholarship on corporate purpose. We hope our paper provides both inspiration and analytical tools for this endeavor, opening up new avenues of inquiry into a phenomenon of critical importance not just for firms but also for societies around the globe confronting compounding social and environmental crises.

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Table 1. A Typology of Corporate Purpose Enactment

| | Overarching reason for being | Alternative to profit maximization | Catalyst of systemic change |
|--|--|---|---|
| <i>Focal facet of the phenomenon</i> | Organizations using purpose as a reason for being that defines their identity. | Organizations adopting purpose as an alternative guiding principal to profit maximization. | Organizations using purpose to catalyze systemic change. |
| <i>Supporting theoretical perspective</i> | Early OT: Organizations develop a distinctive character with meaning and value beyond technical efficiency and economic performance (e.g., Barnard, 1938, Besharov and Khurana 2015, Kraatz et al. 2010, Selznick 1949, 1957,). | Hybridity: Organizations combine identities, forms, or logics that do not conventionally go together (e.g., Albert and Whetten 1985, Battilana et al. 2017, Besharov and Mitzinneck 2020, Thornton et al. 2012). | Systems: Organizations embedded in social systems with interdependence amongst entities, feedback loops, and unintended consequences (e.g., Berkes and Folke 1998, Emery and Trist 1965, Forrester 1964, Mair and Seelos 2021, Stern and Barley 1996). |
| <i>Transferrable insights</i> | | | |
| <i>Origins of purpose</i> | Arises from organizational history and embeddedness in particular communities. | Arises from demands of internal and external constituencies associated with a stakeholder (vs. shareholder) logic. | Arises from recognition of constraints and challenges of existing system. |
| <i>Challenges to enacting purpose</i> | Administrative practices privilege technical performance, ultimately displacing purpose and becoming ends in themselves. | Destructive tensions and conflict between factions supporting purpose and profit; unintended drift toward one side or the other. | Interdependencies and sources of inertia in existing systems constrain possibilities for purpose to catalyze change. |
| <i>Opportunities of enacting purpose</i> | Potential for increased sense of meaningfulness amongst employees. | Juxtaposition of purpose and profit fuels emergence of novel, creative solutions to organizational and societal problems. | Interventions that target key leverage points within existing systems can disrupt the status quo, catalyzing change. |
| <i>Illustrative future research questions</i> | How does purpose emerge and evolve over time? How do organizations institutionalize purpose and prevent cooptation? How does purpose enable and constrain meaningful work? | How do firms reconcile purpose with profit? How is this affected by constituencies' support for shareholderism vs. stakeholderism? How does purpose create opportunities for responsible innovation? What conditions amplify such opportunities? | How does firms' decision-making account for feedback loops and interdependence? How do firms balance openness and concealment in stakeholder interactions? How do firms shift from surface- to deep-level change strategies? |