

Survey report
December 2010

Shared purpose: the golden thread?

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Executive summary

We are delighted to share with you our Shared Purpose research, which builds on both our flagship research programme Shaping the Future and previous qualitative research into this area.

For us, the difference between simply having an organisational purpose and having a shared sense of purpose is that the latter is shared by all employees working for the organisation and often beyond, to include external stakeholders. We describe an organisation's shared sense of purpose as its identity and 'the golden thread' to which its strategy should be aligned.

Rather than trying to establish a causal link between shared purpose and performance, in this study we have sought to explore some of the potential organisation benefits through soft (employee indicators such as satisfaction and engagement) and hard (financial and service delivery) measures. Through exploring these issues with a robust sample of over 2,000 working respondents at all levels, we have helped to push the debate forward in what is an under-represented research field.

What insights can we draw?

The starting point to this research is that most organisations do have a purpose and for many it tends to be a 'profit-based' purpose. Despite being a common purpose, making profit for investors and owners does not seem to 'fire up' the workforce, in fact those with a profit base purpose tend to be less 'in sync' with their day-to-day operations.

Having a purpose is one thing but sharing this purpose is another and while a high proportion of employees surveyed believe their organisations have a clear sense of purpose, far fewer believe they have achieved a shared sense of purpose throughout the organisation.

This research shows that alignment is the key issue. Alignment between an organisation's purpose, its values and its goals is more important than the specific purpose of the organisation – as indeed is the alignment between an employee's goals and the values of the organisation and ultimately understanding where they fit.

The results show that organisations with a sense of shared purpose outperform those with no sense of shared purpose on both the soft and hard measures. Among public and third sector organisations there is an indication that the greater the sense of shared purpose, the greater the perception that service delivery is more timely and cost-effective. The distinction between the degrees of shared purpose among private sector organisations, however, is not as pronounced – the difference between where purpose is shared wholly throughout the organisation and where it is only partially shared is not statistically significant.

In addition to improving performance, the research indicates that having a sense of shared purpose also improves employee engagement and understanding of the organisation's core purpose. There are strong indications that if employees know clearly what their organisations purpose is then they are more likely to be engaged and satisfied.

So why is understanding your organisation's core purpose important? The research suggests that lack of understanding around purpose can lead to demotivation and emotional detachment, which in turn lead to a disengaged and dissatisfied workforce.

Shared purpose is a complex concept and having a purpose is only one piece of the puzzle.

Values are a set of guiding principles that reflect the organisation's highest priorities and underpin the way the organisation operates. Hence, values help define 'how' an organisation wants to achieve. Common goals are targets the organisation sets to achieve its overall purpose, such as 'improve profitability' or 'be more efficient', which cover 'what' the organisation will achieve.

The research shows that the three are closely linked – the more shared purpose that exists, the more likely it is that organisations have values and the more likely they are to have goals. A perfect example of where this happens is within the voluntary sector.

Employees who said they had no sense of shared purpose within their organisation were significantly more likely to state that values were never discussed compared with those with whole or partial purpose. The research shows that values and goals tend to be more widely and regularly discussed within the voluntary sector than the public and private sector. What this indicates is that an 'openness' towards values and goals seems to lead to a greater sense of shared purpose.

What are the implications?

The research has established that the alignment of an organisation's purpose, values and goals has clear benefits. In an uncertain economic climate this becomes even more important. As the public sector faces mounting pressures, those organisations that are able to align their (in some cases, new) purposes, values and goals for all employees will have a clear head start.

Having a sense of shared purpose not only affects satisfaction and engagement; the research indicates that it also affects how decisions are made within the organisation. Employees who feel their organisation has a whole sense of shared purpose are significantly more likely to state their organisation involves them from the outset in contributing to and shaping big decisions; those with no sense of shared purpose are more about decisions 'behind closed doors'. What this indicates is that a sense of shared purpose tends to produce a 'co-creation' atmosphere, while lack of purpose results in a 'tell and sell' approach.

While the research identifies the importance of communications and leadership in developing a sense of shared purpose, what emerges is that employees surveyed particularly believe that senior leaders, board members and trustees must clearly demonstrate that they too live the values. This 'on board' attitude from senior management also has the ability to improve job satisfaction – respondents who feel senior management keep the organisation purpose at the heart of their visions and strategies are more likely to be satisfied with their job than those who do not.

Finally, it is worth noting the positive third sector employee ratings throughout, which seem particularly relevant in the light of the Coalition Government's current focus on the 'Big Society.'

1 Introduction

This report is aimed at HR professionals, senior management and line managers with a keen interest in the association between having a strong sense of organisational purpose that is shared throughout the organisation and engagement, satisfaction and sustainable business performance.

On behalf of the CIPD, YouGov undertook a study in September 2010 among UK employees to understand their views on shared purpose and how it impacts them.

The survey was conducted online among a sample of 2,000 working respondents from the YouGov Plc panel of over 300,000 individuals who have agreed to take part in surveys. The data was benchmarked by sector (that is, private, public, voluntary), business type (SIC), region and size of organisation worked for.

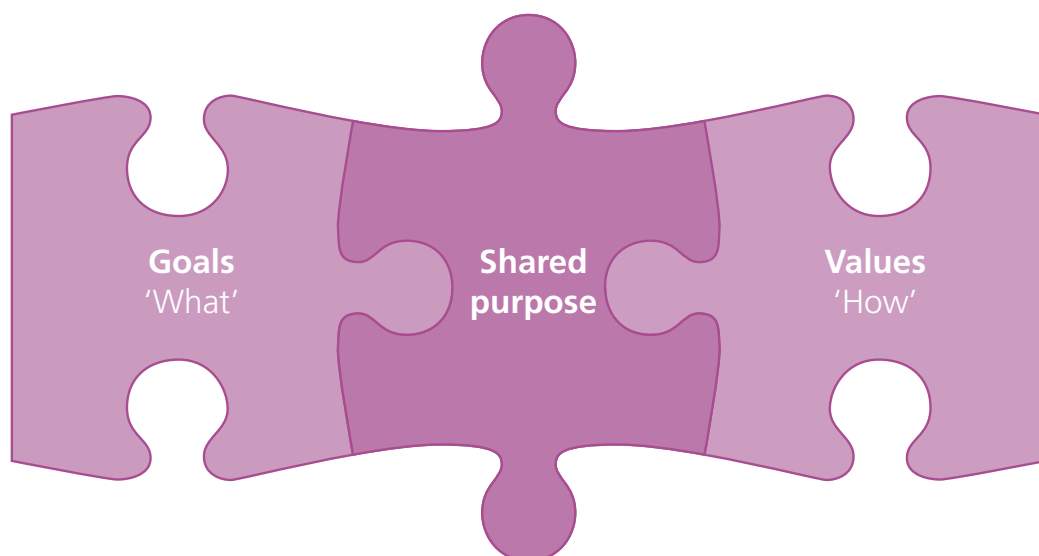
Shared purpose is a complex concept and as a result questions were structured in a way that employees could understand and relate to.

Values are a set of guiding principles that reflect the organisation's highest priorities and underpin the way the organisation operates. Hence, values help define 'how' an organisation wants to achieve. Common goals are targets the organisation sets to achieve its overall purpose, such as 'improve profitability' or 'be more efficient', which cover 'what' the organisation will achieve. Based on this, the survey was structured in three parts covering purpose, values and goals.

The report begins by examining employees' perceptions of their organisation's purpose, what they understand it to be and how engaged and satisfied they are (section 2).

Following on from this, sections 3 and 4 discuss shared values and goals, to what extent employees are aware of them, how they are communicated and whether or not they are discussed.

Figure 1: Link between shared purpose, values and goals



Section 5 looks at the sharing of purpose, how an organisation's purpose makes its employees feel and what could be done to improve/restore shared purpose and section 6 looks at whether or not an association exists between shared purpose and organisational performance by selecting 50 companies as a case study.

Finally, the Conclusion brings the report together to conclude on the possible impacts shared purpose has on both the organisation and its employees.

Throughout the report we refer to shared purpose in terms of none, partial and whole. These groups have been derived from the question:

- Would you say a sense of shared purpose exists between...?
 - (Code 1) you and other members of your immediate team
 - (Code 2) your team and other teams within your department
 - (Code 3) your department and other departments but not within the whole organisation
 - (Code 4) your organisation as a whole
 - (Code 5) not applicable – a sense of shared purpose does not exist within my organisation.

Throughout the report, code 5 is referred to as 'no sense of shared purpose', codes 1 to 3 are referred to as 'partial shared purpose' and code 4 is referred to as 'whole purpose'.

2 Purpose – perception and existence within the organisation

Introduction

Organisational purpose ‘expresses the company’s fundamental value – the *raison d’être* or over-riding reason for existing. It is the end to which the strategy is directed’ (Ellsworth 2002) and hence it is key to recognise what employees understand their organisation’s purpose to be.

Therefore, before the ‘sharing of purpose’ can be discussed, what the organisation’s purpose actually is and how employees understand it will be explored first.

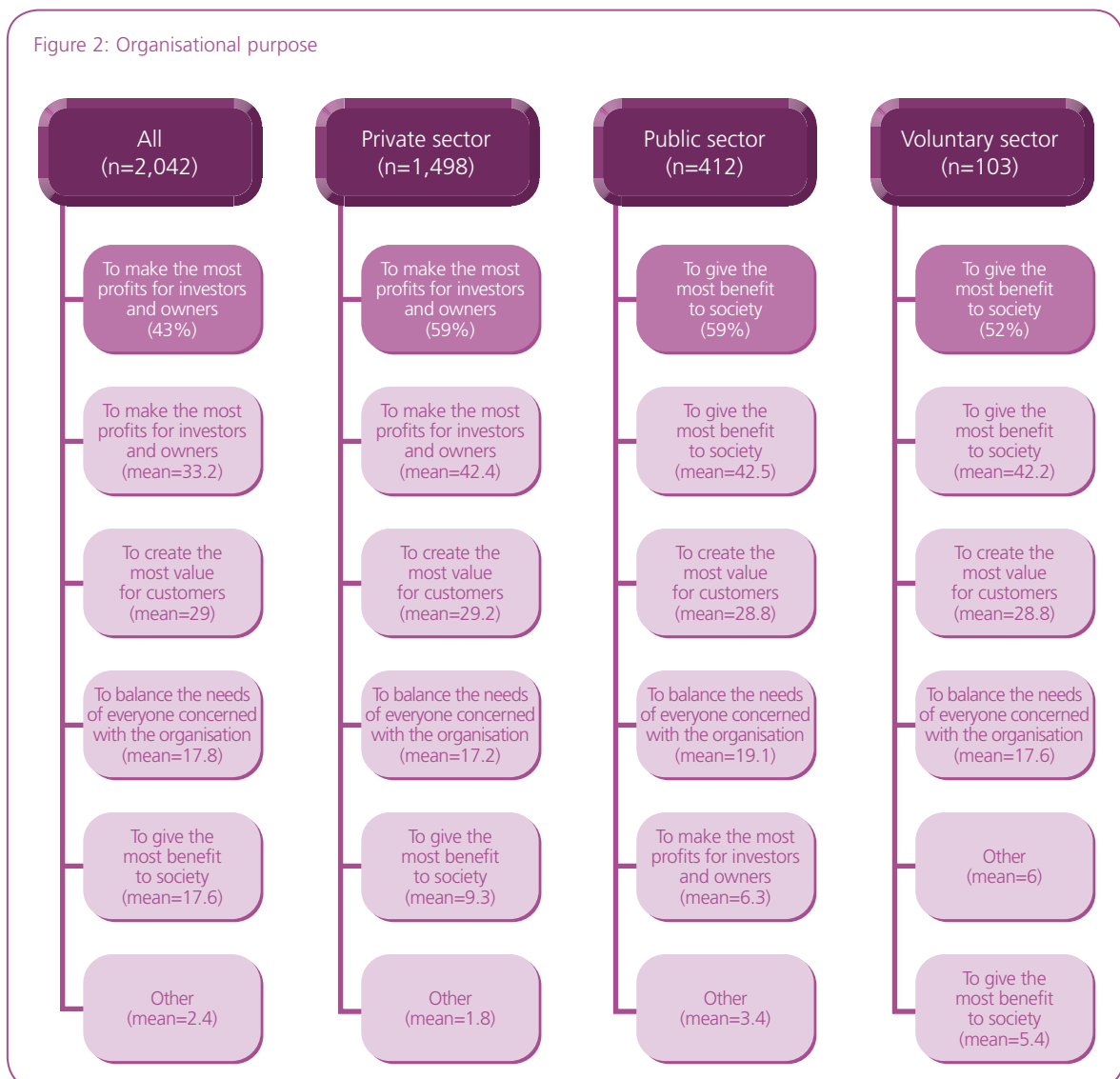
An organisation’s purpose

Figure 2 is an overview of what employees consider to be their organisation’s purpose.

Purpose is defined as what an organisation wants to achieve and how that will happen. Purpose deals with why the organisation exists in the first place and what ultimately matters in its work.

Respondents were asked to allocate 100 points to reflect the importance of the different possible

Figure 2: Organisational purpose



purposes shown in Figure 2.¹ They were then asked in a separate question what they think their organisation's main purpose is and these have been shown in the lightly shaded boxes in Figure 2.

'To make the most profit for investors and owners' was considered the most important purpose, followed by creating the most value for customers. With similar mean scores, 'to balance the needs of everyone concerned with the organisation' and 'to give the most benefit to society' were considered equally important.

Respondents working within the private sector are more likely to state a financially driven purpose, while those working within the public and voluntary sector focus more on society. Based on the nature of these sectors, it could be said that the main purpose correctly reflects the 'nature' of the organisation.

Respondents who state profit as their organisation's main purpose are more likely to agree that their core purpose is detached from how they actually operate/ what they do than those who state a public/society-based purpose. This seems to indicate that organisations with a profit-based purpose tend to be less 'in sync' with their day-to-day operations.

Does a sense of shared purpose exist?

Having a purpose is one thing, but sharing this purpose is another. According to 85% of respondents, a shared sense of purpose exists within their organisation at some level.

The research examined to what extent purpose permeates through the organisation – this started from no purpose being shared through to purpose being shared throughout the whole organisation (Figure 3).

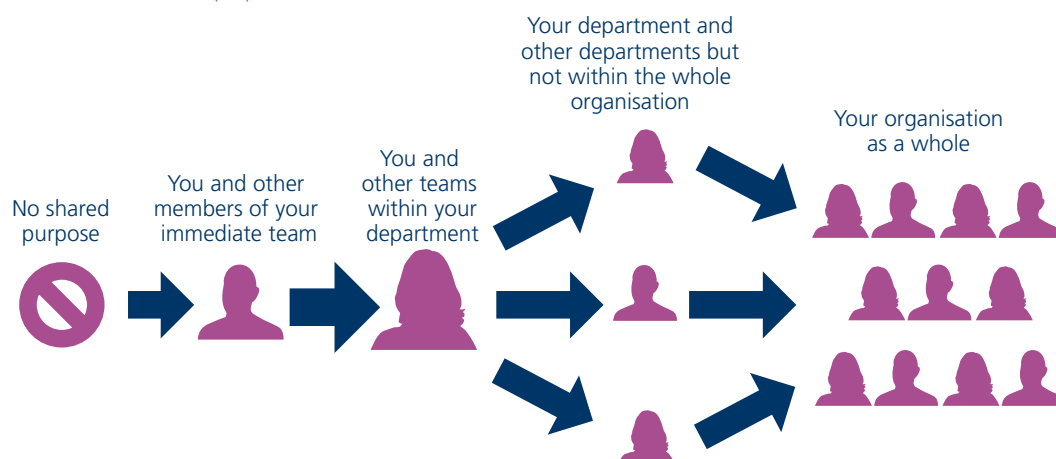
Results tend to indicate that purpose is either shared at the lowest level (that is, among immediate team members) or at the highest level (that is, throughout the whole organisation – purpose permeating through to teams and departments seemed less common).

For just under two-fifths (38%) of respondents, purpose is shared at the lowest level, which is among them and other members of their immediate team. For one in ten (11%), purpose permeates through to their team and other teams within their department and for a further 9% purpose permeates through to their departments and other departments but not the whole organisation.

Over a quarter (28%) of respondents state that a sense of shared purpose permeates throughout the whole organisation while 15% say no sense of shared purpose exists within their organisation.

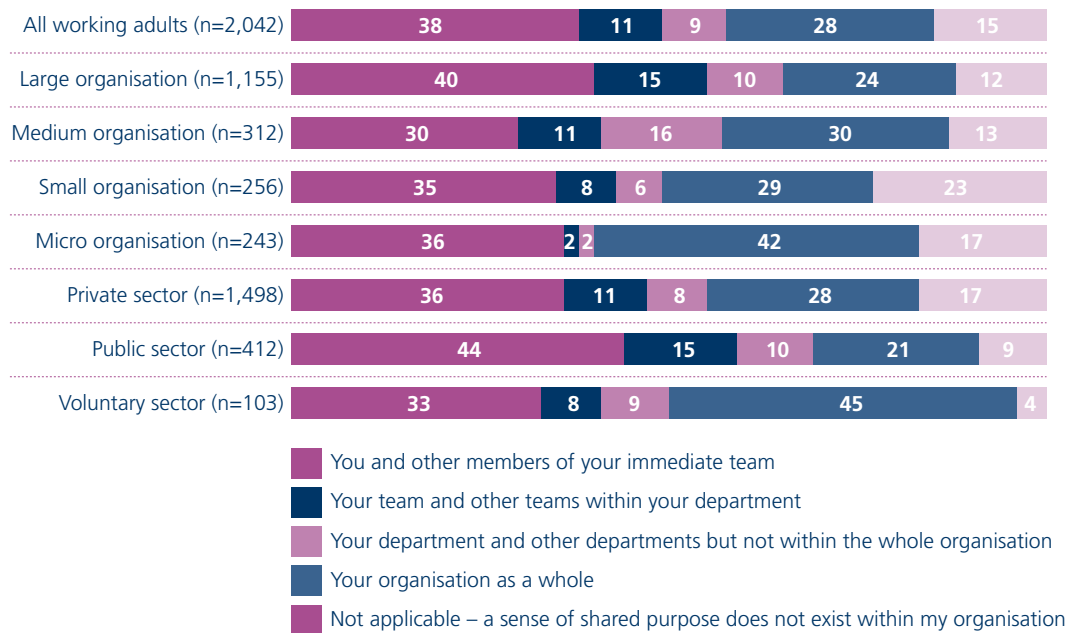
Results indicate that purpose tends to exist at two extremes – either at the lowest level or the highest level. Is this a result of extremely poor or very good communication, or is it more to do with the size, structure and 'personality' of the organisation?

Figure 3: Levels of shared purpose



¹ Respondents were asked to allocate as many or as few points as they wished to each purpose, but the overall scores were not allowed to exceed 100. The mean score for each purpose was then used to produce a ranking of importance.

Figure 4: Does a sense of shared purpose exist? (%)



Within the private and public sector, purpose is more likely to be shared at the lowest level among immediate teams, with 44% and 36% stating this respectively. However, those working within the voluntary sector are significantly more likely to state that a sense of shared purpose permeates throughout the whole organisation (45%).

Interestingly when looking at communication across the board, respondents working within the voluntary sector seem far more likely to state that board members, senior, middle and junior management communicate purpose well than those within the public and private sector.

These figures seem to indicate that the type of organisation and level of communication not only affect to what extent purpose exists but also the extent to which it is shared.

Lack of shared purpose also seems to differ, with respondents working within the private sector (17%) significantly more likely than their public (9%) and voluntary sector (4%) counterparts to state that a sense of shared purpose does not exist within their organisation.

The sharing of purpose is more likely to be a top-down approach and therefore how senior management communicate and incorporate purpose is also important. So far the research indicates that the voluntary sector is more likely to both have and share purpose; the next step is to see whether this filtrates through to senior management. Are directors and senior management within the voluntary sector more likely to keep the organisation's purpose at the heart of visions and strategies?

Reassuringly, Table 1 on page 9 shows that this is the case – with a net score of +61, results indicate that respondents within the voluntary sector are more likely to agree that the directors/senior management team keep the organisation's purpose at the heart of their visions and strategies than those working within the private and public sector.

There is an indication that keeping purpose at the heart of the organisation's visions and strategies also has a tendency to improve overall job satisfaction – respondents who agree that directors/senior management team keep the organisation's purpose at the heart of their visions and strategies are more likely to be satisfied with their job than those who disagree.

Table 1: Senior management and shared purpose (net scores²)

The directors/senior management team keep the organisation's purpose at the heart of their visions and strategies

All working adults (n=1,992)	+37
Private sector (n=1,458)	+38
Public sector (n=406)	+26
Voluntary sector (n=100)	+61
Satisfied with job (n=1,160)	+57
Dissatisfied with job (n=443)	-2

Base: All, excluding sole traders

An engaged workforce

Respondents were asked about how engaged they are with their work – employee engagement was described as a combination of commitment to the organisation and its values and a willingness to help out colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation.

Just over two-thirds (69%) of respondents state that they are engaged with their work, compared with 13% who say they are not engaged. As Figure 5 shows, respondents working for organisations where a sense of shared purpose exists throughout seem far more likely to be engaged (84%) than those employees who work for an organisation without a sense of shared purpose (32%).

Is purpose 'lived out'?

Respondents were asked to what extent they think that they themselves and others within the organisation

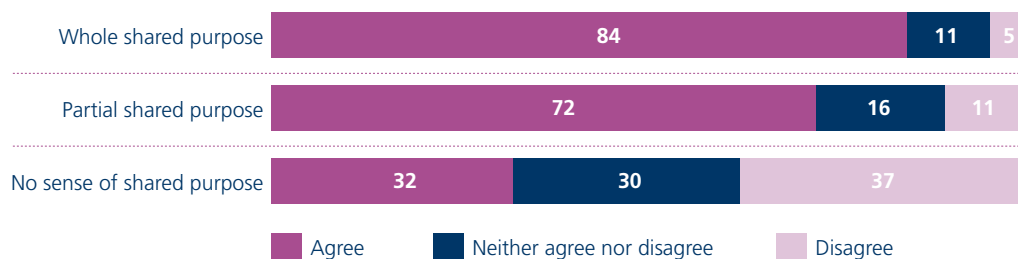
'live out' the organisation's purpose. Encouragingly, the majority of respondents perceive not only others 'living out' the organisation's purpose in their daily roles but also consider themselves to do it a great deal or to some extent – only one in ten (9%) say they don't live it out at all.

In addition to embracing a shared sense of purpose, voluntary sector respondents are also more likely to 'live it out', with 94% stating that they live out their organisation's purpose a great deal/to some extent.

Having said this, respondents within the private and public sector are also keen to embrace purpose into their everyday roles, with 78% of private sector and 87% of public sector respondents stating they do this a great deal/to some extent.

Despite purpose being mostly a 'top-down approach', it is hard to actually quantify whether those who

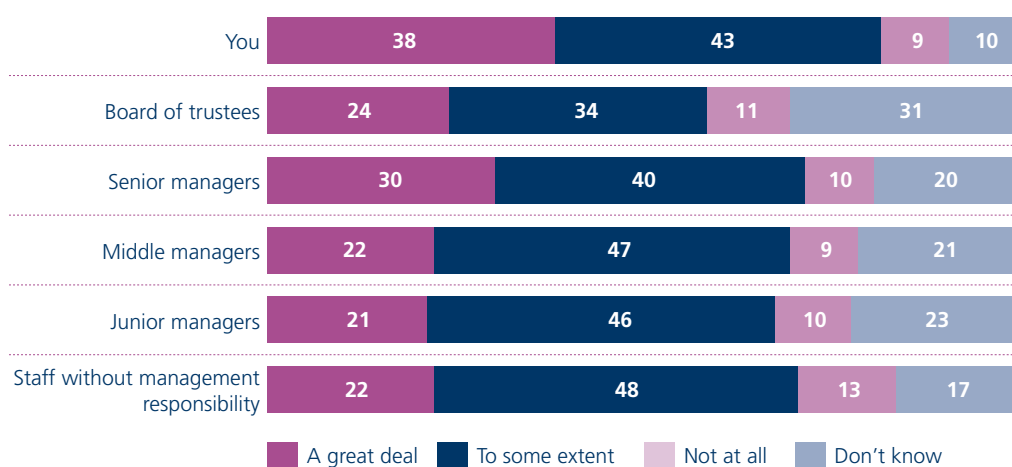
Figure 5: Shared purpose and engagement (%)



Base: All working adults (excluding sole traders) excluding those who selected not applicable (n=2,035)

² Net scores are calculated by subtracting the percentage of respondents who say something positive from the percentage who say something negative. They measure the strength of the direction of feeling and therefore give a more accurate assessment than simple agreement scores.

Figure 6: Extent to which people live out the organisation's purpose in daily roles (%)



Base: All working adults excluding sole traders (n=2,042)

decide what the purpose is actually carry it through – as Figure 6 shows, a third (31%) of respondents say they don't know if board members/trustees 'live out' their organisation's purpose.

Aside from their own behaviour, respondents feel overall that purpose is adopted well across the board among all levels, be it senior management or those without management responsibility.

Clarity around organisational purpose

While most respondents are happy to 'live out' their organisation's purpose, how well do they actually understand the purpose they are living out?

Overall, clarity seems to be at a high level, with many respondents knowing clearly what the core purpose of

their organisation is, particularly those within the voluntary sector.

We identified earlier that those within the voluntary sector are more likely to have a whole sense of shared purpose, so does this then indicate that the level to which purpose is shared impacts the level to which it is understood?

If we look at the data across level of shared purpose, it seems a relationship does exist – respondents who say their organisation has a whole sense of shared purpose seem far more likely to understand their organisation's core purpose. Almost all (92%) respondents who state their organisation has a whole sense of shared purpose agree that they clearly know what the core purpose of their organisation is, compared with 77% with partial purpose and 47% with no sense of shared purpose.

Table 2: Clarity around purpose (net scores)

I know very clearly what the core purpose of my organisation is

All working adults (n=2,042)	+68
Private sector (n=1,498)	+65
Public sector (n=412)	+72
Voluntary sector (n=103)	+91
Micro-organisation (n=243)	+76
Small organisation (n=256)	+55
Medium organisation (n=312)	+67
Large organisation (n=1,155)	+71

There seems to be a strong indication that if you know clearly what your organisation's purpose is, you are more likely to be engaged and satisfied – respondents who are engaged with their work and satisfied with their job are far more likely to agree that they know clearly what the core purpose of their organisation is than those who are not (+83 compared with +24).

On the other end of the spectrum, lack of clarity leads to demotivation and detachment, with a quarter (24%) of respondents stating not knowing clearly the core purpose of their organisation makes them feel demotivated and as though they don't belong to the organisation (19%).

For one in six, lack of clarity makes no difference, as they see their job as 'just a job', while 15% feel their organisation has not invested enough time in explaining its core purpose.

One in ten (9%) aren't affected either way and for a small percentage (6%) not knowing their organisation's core purpose makes them feel emotionally detached from their job.

While the majority of employees are aware of their organisation's core purpose, these findings tend to highlight that lack of understanding around purpose can lead to demotivation and emotional detachment. Now that we have an overview of organisational purpose and what employees understand by it, the next section looks at shared values.

Figure 7: Feelings around lack of clarity on organisational purpose (%)



Base: All working adults (excluding sole traders) who disagree that they know clearly what the core purpose of their organisation is (n=169)

3 Shared values

Introduction

An organisation's values are defined as beliefs that underpin how it operates. This might be guiding principles or a set of key words and phrases that reflect the highest priorities of the organisation. Examples of values include 'Passion for customers' (Hewlett Packard), 'Don't be evil' (Google) and 'We are demanding of ourselves and our colleagues' (Save the Children).

This section looks at the extent to which shared values exist and how intertwined values are within the organisation as well as how employees perceive the values of brand leaders such as Google and John Lewis.

Shared values – an overview

While sharing purpose is common but not deep (that is, not penetrating the whole way through the organisation), organisational values are even more common, with 82% of respondents aware of their organisation values (Figure 8).

A small percentage say they don't know (5%) and 4% say their organisation does not have any values.

With voluntary sector employees having a higher level of shared purpose and a greater awareness of organisational values, there is an indication that the more likely an organisation is to have a sense of shared purpose, the more likely it is to have shared values. Further sections identify whether this link follows through to common goals as well and to what extent the purpose of an organisation is linked with its values and goals.

When compared with shared purpose, results seem to indicate that employees on the whole tend to have more knowledge and awareness about shared values than they do shared purpose – this could possibly be down to the intangible nature of shared purpose.

Are values intertwined?

Two-thirds of respondents say activities have been undertaken in the last 12 months relating to their shared values and this seems less common among the private sector than the public and voluntary sector.

Larger organisations are also significantly more likely than smaller organisations to have run value-related activities in the last 12 months.

Figure 8: Awareness of organisational values (%)

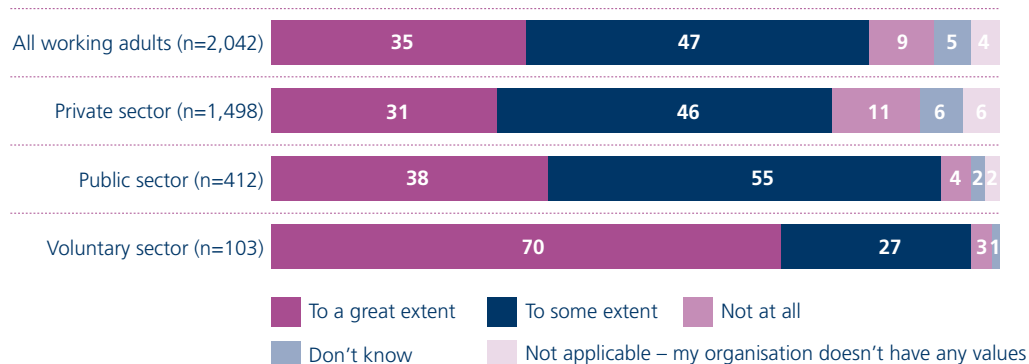
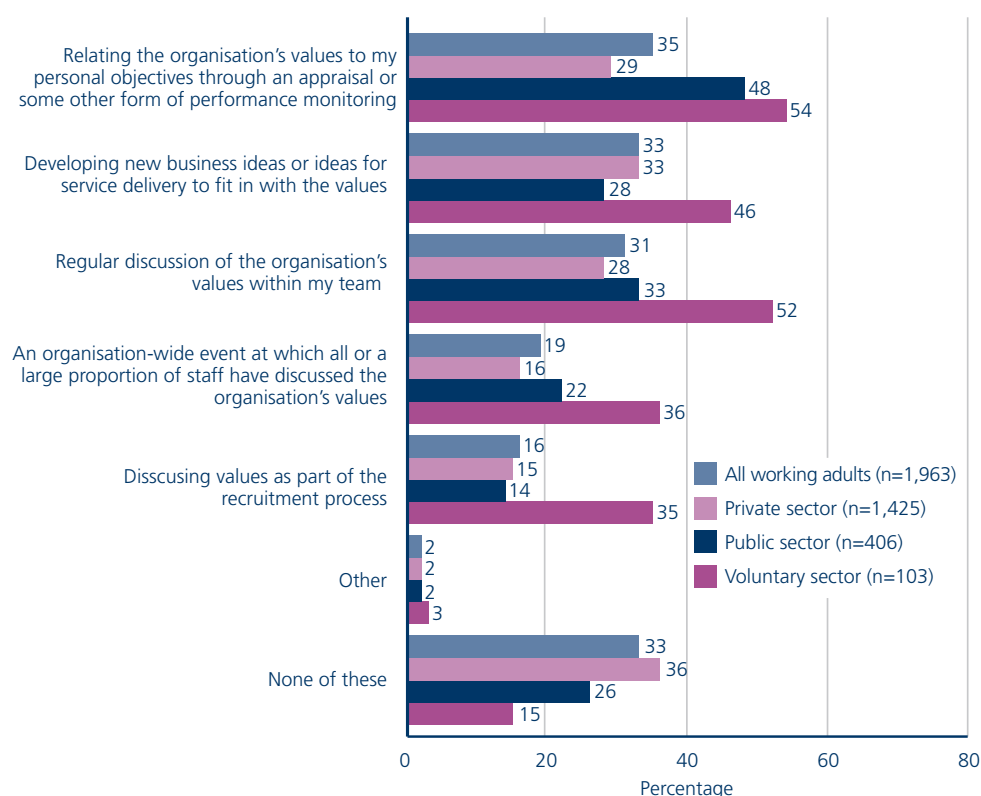


Figure 9: Activities relating to organisational values undertaken in last 12 months (%)



Among the activities that have been run, 'relating the organisation's values to personal objectives through things such as appraisals' is most common among the voluntary and public sector, while top of the list for private sector employees is 'developing new business ideas for service delivery to fit in with values'.

It seems just as common to discuss values with other colleagues (33%) as it does to discuss values with other teams (32%) and managers (30%) and the research suggests that the way in which values are discussed mirrors the way in which purpose is shared – voluntary sector respondents are more likely than private and public sector respondents to share purpose wholly and this also seems to be the case in discussion of values.

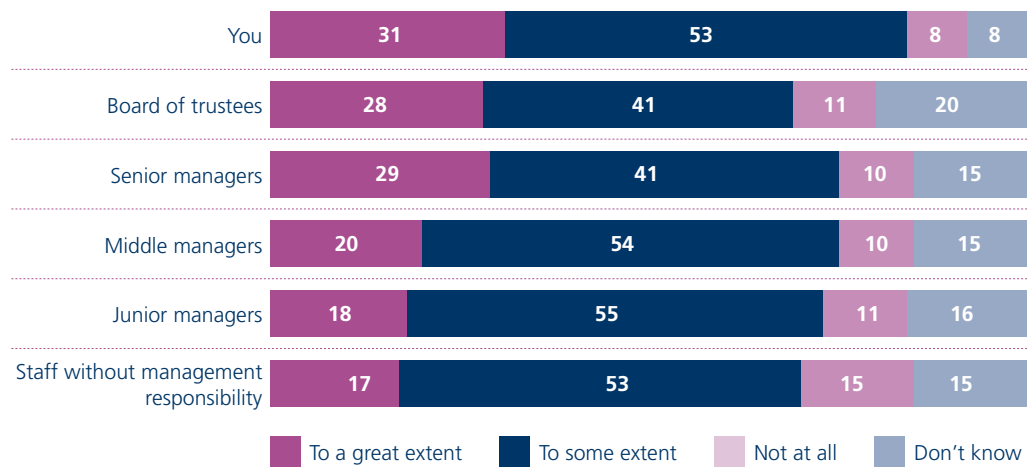
Values are not only more widely discussed but also more regularly discussed, with voluntary sector respondents significantly more likely than public and private sector respondents 'to have regular discussions of the organisation's values within their team'.

Keeping purpose at the core of their strategy is seen to be reflected in the way in which organisations in the voluntary sector grow and develop – voluntary sector respondents are significantly more likely to state that their values are discussed as part of the recruitment process.

Just under one in five (19%) respondents say values are never discussed within their organisation and there seems to be a 'knock-on' effect with purpose, in that those who say they have no sense of shared purpose within their organisation are significantly more likely to state values are never discussed (51%) than those with whole or partial shared purpose (17% and 9% respectively).

While we have understood to what extent values are discussed, do they carry through in employees' decisions/actions and to what extent are decisions motivated by them?

Figure 10: Extent to which values are carried through in employees' decisions and actions (%)



Base: All working adults (excluding sole traders) whose organisation has values, excluding 'not applicable' (n=2,042)

Are values carried through?

Similar to shared purpose, respondents perceive themselves as 'value champions', with 84% of respondents stating they carry out the organisation's values in the decisions and actions to a great extent/some extent.

As Figure 10 shows, respondents are again least likely to know about whether or not the board/trustees carry through the organisation's purpose and are more likely to think that staff without managerial responsibility are least likely to carry through values.

Not only are values carried through but they also form part of decision-making, with three-quarters of respondents stating that values motivate decisions to a great or some extent.

With the voluntary sector respondents being most inclusive of their values, it is not surprising that they are significantly more likely than private and public sector

respondents to say that decisions are motivated to a great extent by values.

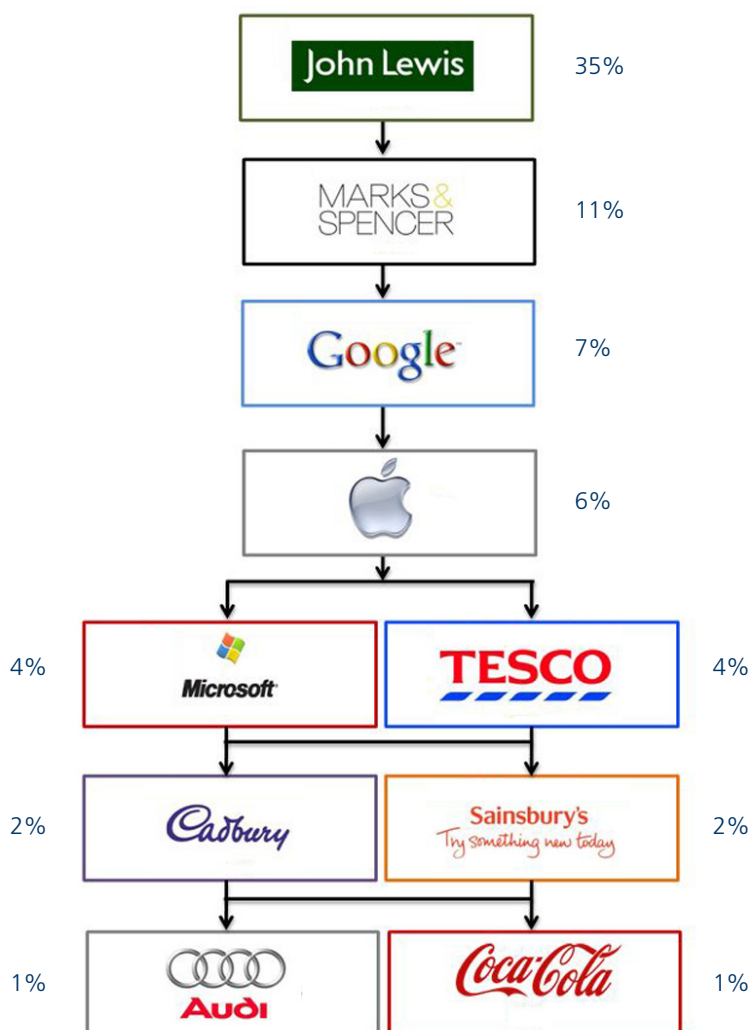
Small organisations are significantly more likely than micro, medium and large organisations to state that values do not motivate organisational decisions at all.

Organisations with strong values

Employees were shown a list of organisations and asked to choose which one they feel is the best example of an organisation that has a strong set of values that are embraced by their workforce. John Lewis (35%) topped the list, followed by Marks & Spencer (11%) and Google (6%) – a quarter of respondents (24%) say they don't know.

Respondents were then asked to compare the organisation's values with that of their own organisation and, as Table 3 on page 16 shows, while some respondents feel they are on par with their 'ideal' organisation, most feel they are below.

Figure 11: Strong values



Among those respondents who chose Google as the best example, if Google scored 8, the majority feel their organisation scores between 1 and 6 (61%). Only a small percentage (5%) give themselves a 10, and this is the case for all organisations.

However, if we look at results across sector, the story is slightly different – 23% of voluntary sector respondents give their organisation a 10, indicating that it performs above their 'ideal', while only 6% of private sector and 5% of public sector respondents give their organisation a 10.

We are aware that the extent to which values are included and discussed within the voluntary sector is higher than that of the private and public sector; does this therefore indicate that respondents who can see their values discussed and incorporated are more likely to embrace them?

Now that we have looked at shared values, the next section looks at common goals and how they relate to purpose.

Table 3: If the organisation you chose is rated 8 on a scale of 0 to 10 in the way its values are embraced within the workforce, where would you rate your organisation? (%)

	Google	Apple	M&S	John Lewis	Microsoft	Tesco
0 – does not have a strong set of values embraced by the workforce	3	6	4	5	5	6
1 to 3	28	16	16	17	16	20
4 to 6	33	33	32	35	34	32
7 to 9	27	37	40	33	35	38
10 – does have a strong set of values embraced by the workforce	5	5	6	9	5	2

4 Common goals

Introduction

Another area closely linked to purpose and values is that of common goals. By common goals, we are referring to targets the organisation sets to achieve its overall purpose. Examples of goals are 'to improve profitability', 'to reduce carbon emissions', and so on.

This section identifies to what extent common goals exist within organisations today, whether or not employees have a good understanding of them and how widely they are discussed within the organisation. The section also looks at the extent to which achievement of goals is celebrated and whether organisations with a purpose are more likely to celebrate achievement than those without a purpose.

An overview of common goals

The final link in the chain is goals, and it is evident that, similar to purpose and values, they are also common among organisations today.

Results indicate a similar pattern to that of purpose and values in that the more shared purpose that exists, the more likely it is that organisations have values and, in this case, the more likely they are to have goals – a perfect example of this is the voluntary sector.

Respondents working within the voluntary sector (88%) are significantly more likely than private (66%) and public

(78%) sector respondents to state that their organisation has goals – they are also more likely to have values and a whole sense of shared purpose.

Similar to values, there is an indication that the relationship between common goals and purpose also tends to be strong – respondents who say their organisation has no sense of shared purpose are significantly less likely to have goals than those respondents who say that the organisation's purpose is shared across the whole organisation (40% compared with 83%).

The understanding of common goals among the respondents is high, with the majority (85%) stating they have either a very good or good understanding of their organisation's common goals. Thirteen per cent say they have neither a good nor poor understanding of common goals, 2% say they have a poor understanding, but encouragingly no one says they have a very poor understanding.

The research suggests that the higher the level of shared purpose, the better the understanding of not only values but also goals – respondents whose organisations have a whole sense of shared purpose are significantly more likely to state that they have a very good understanding of their organisation's goals than those with partial or no purpose.

Figure 12: Does your organisation have common goals? (levels of purpose) (%)

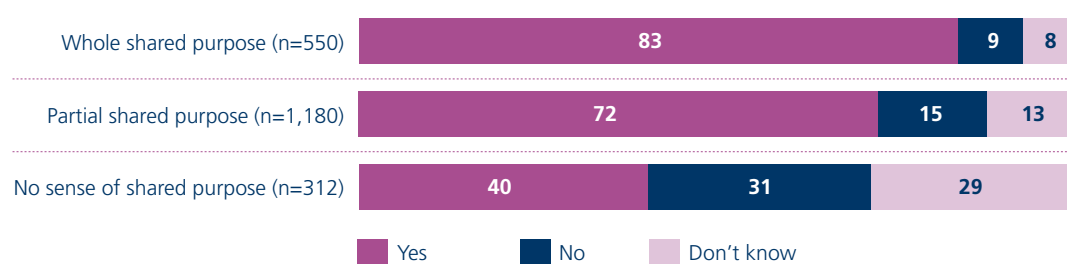
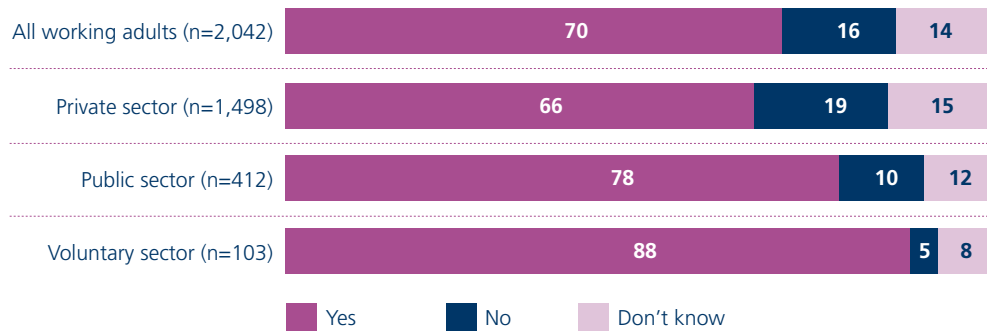


Figure 13: Does your organisation have common goals? (sector) (%)



As we have gauged, purpose is more likely to be shared within the voluntary sector; therefore it is in line that respondents within the private sector are significantly more likely than public sector respondents to state that they have a very good understanding of their organisation's goals.

The discussion of common goals among the public sector tends to be focused around individual teams, but it should be taken into consideration that public sector organisations tend to be large bodies so the way in which goals are discussed could be down to the size and nature of the organisation.

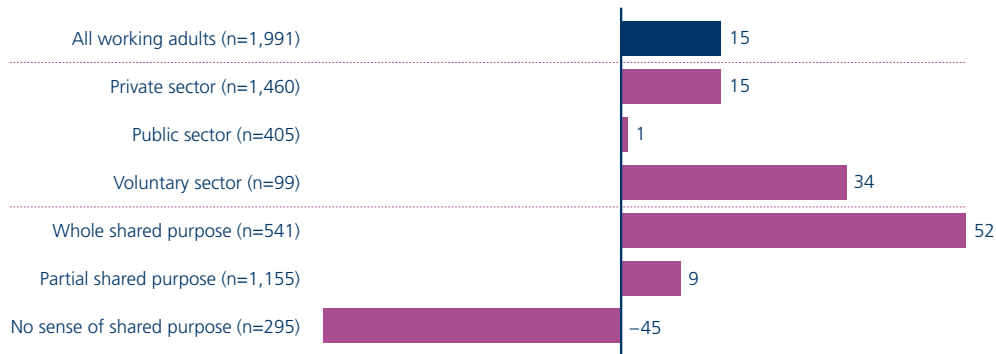
Similar to values, respondents were asked how common goals are discussed within their organisation and, as Table 4 shows, results are fairly evenly distributed. The most common way is discussion within individual teams (49%), followed by discussion as a whole organisation (41%).

Almost all respondents (94%) say they understand how their role contributes to delivering 'common goals' and it seems this is the one area where a sense of shared purpose does not have as much impact – 96% of employees whose organisation shared purpose say they understand how their role contributes to delivering the 'common goals', but so do 81% of respondents whose organisations do not share purpose.

Table 4: Discussion of common goals (%)

	All working (n=1,430)	Private sector (n=998)	Public sector (n=321)	Voluntary sector (n=91)
As a whole organisation	41	40	33	64
As individual teams	49	43	60	62
On a one-to-one basis with managers	40	39	36	48
On a one-to-one basis with other colleagues	36	35	33	53
Don't know	3	2	6	3
Not applicable – common goals are never discussed within my organisation	9	10	8	1

Figure 14: Achievement of goals (net agreement scores) (%)



Achievement of common goals

With a net score of +15, respondents agree with the statement 'the directors/senior management team always communicate and celebrate progress towards the achievement of goals'.

Results indicate that those working within the voluntary sector are more likely to agree with the statement than those working within the private and public sector (+34 compared with +15 and +1).

With a difference of 97 points between organisations with a whole sense of shared purpose and those with no sense of shared purpose, Figure 14 shows that organisations with a sense of shared purpose are more likely to encourage and celebrate their workforce.

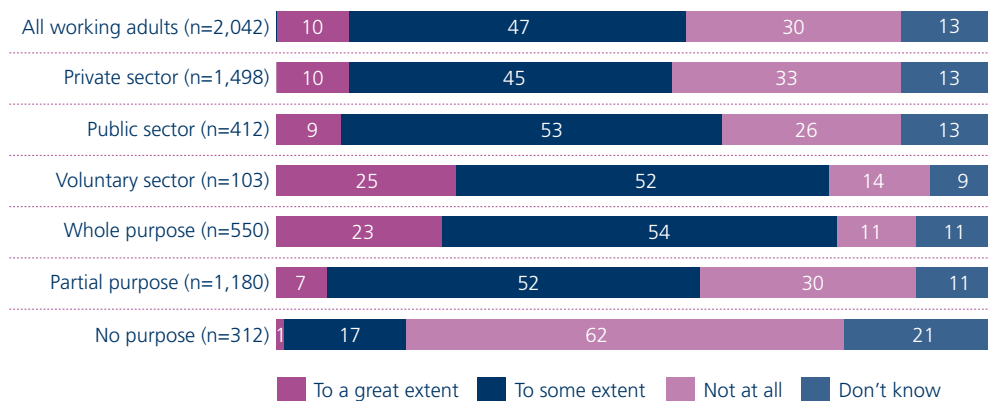
Are personal goals matched with the organisation's purpose?

We identified earlier that respondents are aware of how their role is related to achieving the organisation's common goals, but the research also suggests that for many (57%) the organisation purpose is matched to their personal goals.

However, just under a third (30%) say their personal goals are not matched to the organisation's purpose – private sector (33%) respondents are significantly more likely to state this than public (26%) and voluntary (14%) sector respondents.

Despite purpose not being shared, 17% of respondents say that their personal goals are matched to some extent; however, the majority (62%) say they are not matched at all.

Figure 15: Personal goals and organisational purpose (%)



5 A sense of shared purpose and its impact

Introduction

This section of the report goes one step further and examines how an organisation's shared purpose makes its employees feel and the importance of having a purpose.

Previous sections explored to what extent purpose, values and goals are discussed within the organisation; this section focuses on how well employees feel the purpose is communicated as well as looks at challenges management may have faced when passing on shared purpose.

The section also explores the impact of having a shared purpose, how it affects future decisions and the possible emotional connection it may provoke among employees.

An organisation's main purpose

Figure 16 shows that according to all working respondents, the main purpose of their organisation is to make the most profit for investors and owners.

In addition to asking what the main purpose is, respondents were asked whether or not they support their organisation's main purpose and, as Figure 17

shows, most support their organisation's main purpose, with the exception of those organisations whose main purpose is to make the most profit – 37% support it, 35% say neither and 17% oppose it.

No one opposes organisations whose main purpose is to give the most benefit to society and almost all (95%) support it; this is also the case for organisations whose main purpose is to create the most value for customers.

When asked how their organisation's main purpose makes them feel, opinions vary based on the purpose. Respondents whose organisation's main purpose is to make profit say the following:

- 'I feel demotivated that all my hard work and effort is going into the pockets of investors and owners' (32%).
- 'By focusing on investors and owners, in the long run we are benefiting ourselves – the more profit we make, the more people will invest and the more successful the organisation will be' (31%).
- 'Knowing that our main purpose is to make the most profits for investors and owners makes me feel less committed and loyal to my organisation' (19%).

Figure 16: Main purpose (%)

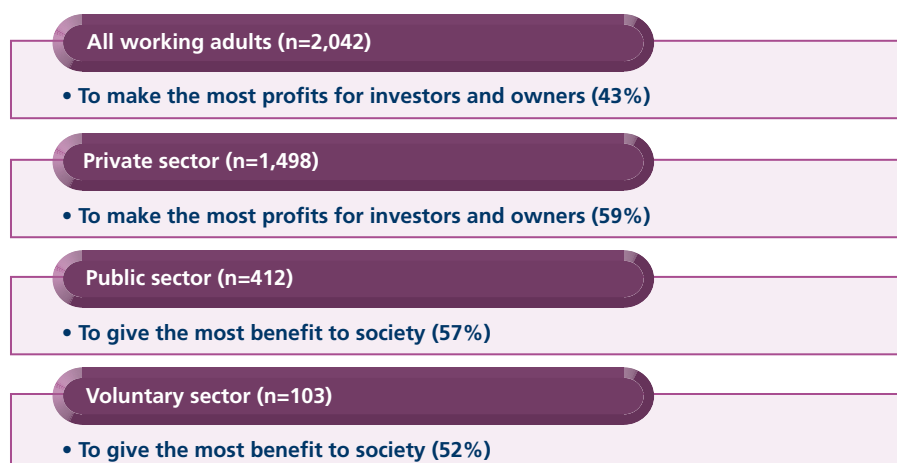
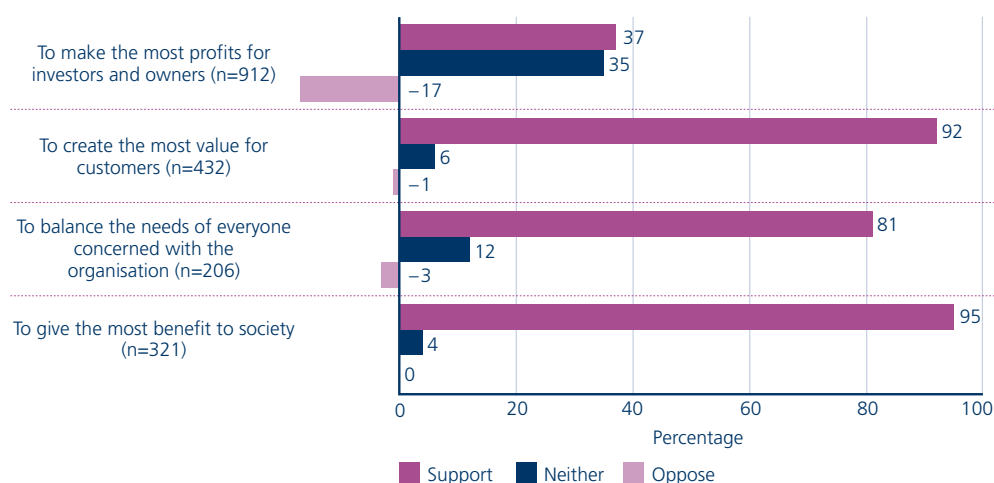


Figure 17: Is the main purpose supported or opposed? (%)



Base: All who selected a main purpose (figures for don't know and don't care have not been shown)

Respondents whose organisation's main purpose is to create the most value for customers say the following:

- 'By focusing on customers, in the long run we are benefiting ourselves – the more satisfied customers are the more loyal they will be and the more successful the organisation will be' (61%).
- 'I find my organisation's customer-focused purpose to be stimulating and encouraging' (35%).
- 'It makes me want to work harder and make the customers more satisfied' (32%).

Respondents whose organisation's main purpose is to balance the needs of everyone concerned within the organisation say the following:

- 'By focusing on the needs of everyone, in the long run we are benefiting ourselves – the more satisfied people concerned with the organisation are, the more successful the organisation will be' (64%).
- 'I find my organisation's purpose to be stimulating and encouraging' (28%).
- 'It makes me want to work harder and make the customers more satisfied' (26%).

Respondents whose organisation's main purpose is to give the most benefit to society say the following:

- 'By focusing on the needs of society, in the long run we are benefiting ourselves – the more satisfied

society as a whole is with the organisation, the more successful the organisation will be' (50%).

- 'I find my organisation's purpose to be stimulating and encouraging' (40%).
- 'It makes me want to work harder and make the organisation more successful' (35%).

Results indicate that aside from profit-related purpose, employees feel positive towards their organisation's purpose – the top three responses chosen by respondents (as shown above) indicate that employees generally feel stimulated and encouraged by their organisation's purpose and feel focusing on the customer/society is the right approach.

Feelings towards profit-related purpose are generally negative, with employees saying it makes them feel demotivated and less committed to their organisation. Nonetheless, just under a third feel that focusing on investors is the right thing to do in the long run. It seems in order to produce a motivated and committed workforce, the main purpose needs to have a social basis to it – profit does not seem to 'kick start' the workforce.

Despite being the 'creators' of the main purpose, respondents feel that the board/trustees would be more likely to communicate shared purpose poorly – however, earlier sections identified that respondents are not able to make a judgement on how well the board/trustees carry through purpose and values. It seems this is also the case

with goals, as a quarter (24%) of respondents say they don't know how well the board/trustees communicate shared purpose.

Despite not having managerial responsibilities, 41% of respondents feel that staff without management responsibilities communicate the organisation's purpose well.

Those with management responsibilities were asked whether they have experienced any challenges with passing on shared purpose – Figure 19 shows some of the things mentioned by employees.

Challenges experienced by management range from managers themselves actually knowing what the organisation's purpose is to people not always readily

Figure 18: Communication of purpose (%)



Figure 19: Challenges faced with passing on purpose

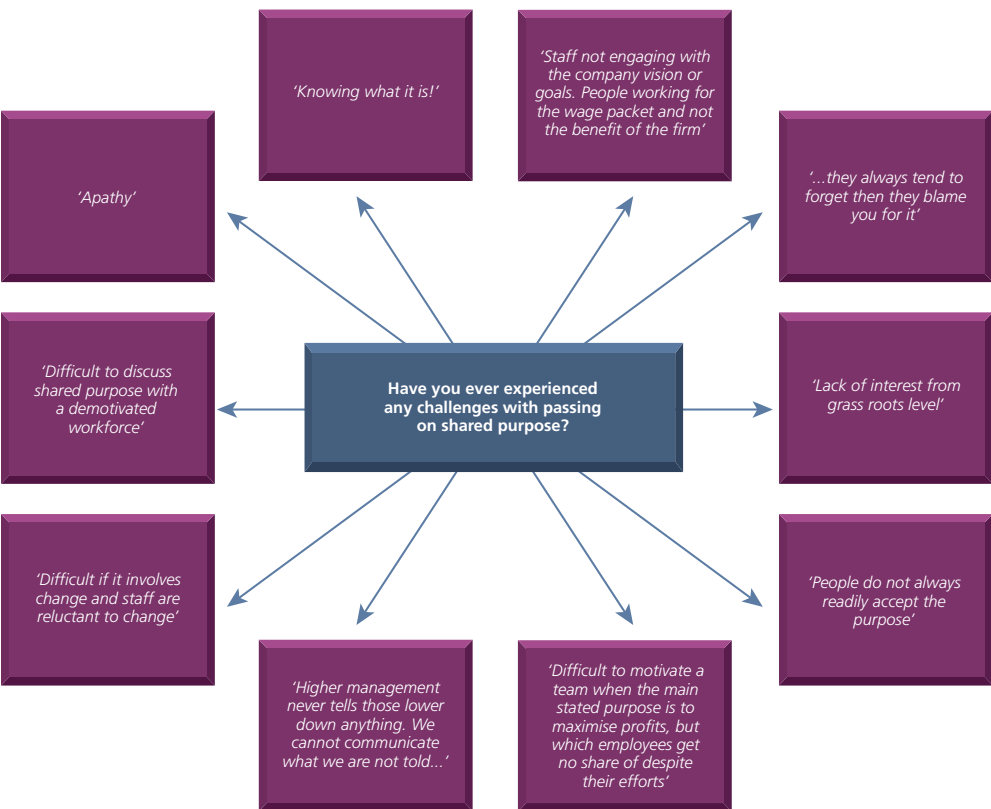
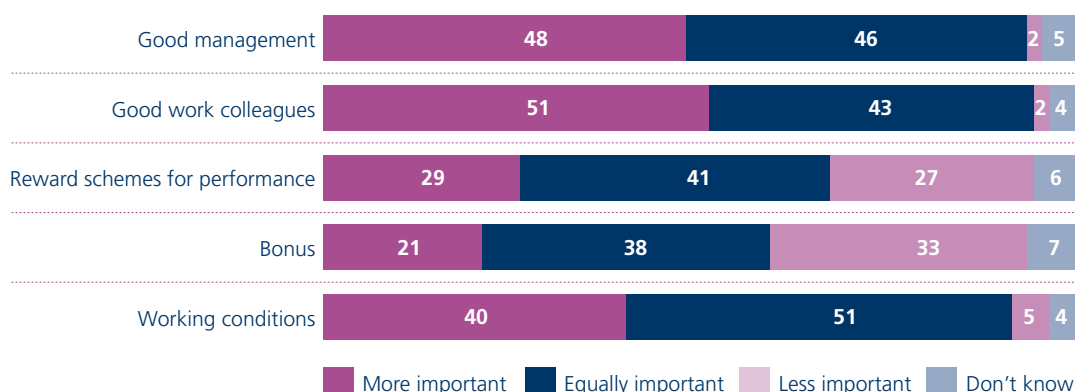


Figure 20: What is more important than shared purpose? (%)



accepting the organisation's purpose. Other things mentioned relate to staff being reluctant to change, a lack of interest from the workforce and the difficulty in discussing shared purpose with a demotivated organisation.

Interestingly, a few respondents mentioned that for most people it is just a job and as a result a 'lack of care' exists, making it difficult to communicate and pass on the organisation's purpose.

How important is shared purpose?

Respondents were asked whether the things listed in Figure 20 are more important, less important or equally as important as having a shared sense of purpose within their organisation.

In regards to good management and good colleagues, respondents are split almost half and half – 48% say good management is more important than a sense of shared purpose while 46% say it is equally important. This is also the case for good work colleagues, with 51% stating they are more important and 43% stating they are equally important.

Opinions are mirrored across sectors, with all respondents feeling more or less the same about the importance of good management and work colleagues.

A third of respondents say a bonus is less important than a sense of shared purpose and public and

voluntary sector respondents are significantly more likely to state this than private sector respondents.

Results are fairly similar for reward schemes for performance, with 27% stating it is less important than a sense of shared purpose, 41% stating it is equally as important and a quarter (26%) stating it is more important. Those working within the private sector are significantly more likely to state this as more important than those in the public and voluntary sector.

Impact of shared purpose

Previous sections indicated that having a shared sense of purpose tends to increase satisfaction and engagement, but does it also affect the extent to which employees are involved in big decisions?

Respondents whose organisation has no sense of shared purpose are more likely to state that big decisions are made behind closed doors and their organisation expects them to catch on to what has been decided (33%). Respondents whose organisations have partial or whole purpose are significantly less likely to state this.

Organisations with a whole sense of shared purpose are significantly more likely to state their organisation involves them from the outset in contributing to and shaping big decisions, while those with no sense of shared purpose are more about decisions 'behind closed doors'. What this seems to indicate is that a sense of shared purpose tends to produce a

Table 5: Purpose and decision-making (%)

	Whole shared purpose (n=550)	Partial shared purpose (n=1,180)	No sense of shared purpose (n=312)
Big decisions are made behind closed doors and the organisation expects me to catch on to what has been decided.	6	20	33
Big decisions are made behind closed doors and I am then instructed on what has been decided	19	31	26
Big decisions are made behind closed doors but the organisation makes an effort to explain the decisions to me.	27	21	3
Most big decisions are made by others but the organisation involves me in deciding how those decisions are implemented.	17	9	3
The organisation involves me from the outset in contributing to and shaping big decisions.	17	6	3
Don't know/not applicable	14	13	31

'co-creation' atmosphere, while lack of purpose results in a 'tell and sell' approach.

Research from the CIPD *Employee Outlook* shows that being included and listened to is an important part of a 'satisfied workforce'; this could therefore explain the higher engagement and satisfaction scores in purpose-filled organisations.

Sharing purpose seems not only to increase satisfaction and engagement, it also helps respondents to build a personal attachment with the organisation – 51% of respondents whose organisation has a whole sense of shared purpose state this, compared with 27% who have partial shared purpose and 11% who have no sense of shared purpose.

Does shared purpose need to be restored?

Employees working within the private and voluntary sector are significantly more likely than public sector employees to state that shared purpose does not need to be improved/restored within their organisation.

Respondents who are satisfied are significantly more likely to say shared purpose does not need to be restored/improved than those who are dissatisfied (13% compared with 3%). This is also the case with engagement, with 12% of engaged employees agreeing that shared purpose does not need to be

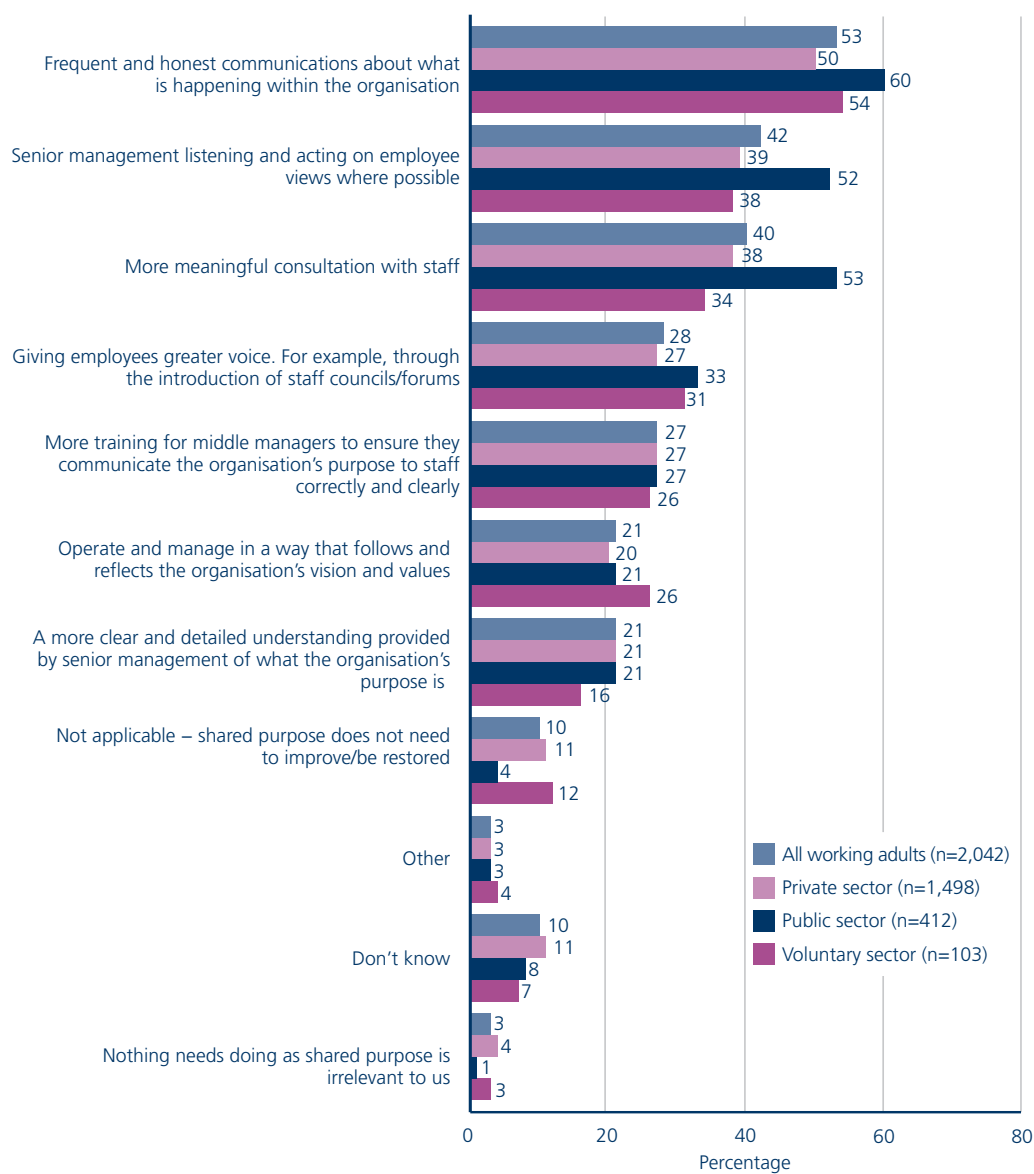
improved/restored compared with 2% of employees who are unengaged. We identified earlier that purpose is linked with engagement and satisfaction and these findings seem to reinforce this point.

In regards to those who feel purpose needs to be restored, the majority (53%) feel frequent and honest communications about what is happening within the organisation would improve/restore purpose, followed by senior management listening and acting on employee views where possible (42%) and more meaningful consultation with staff (40%).

Public sector respondents are significantly more likely to state frequent and honest communication as a remedy to improve purpose than private and voluntary sector employees. They are also significantly more likely to state more meaningful consultation with staff – 53% compared with 38% in the private sector and 34% in the voluntary sector.

Views around training for middle managers are consistent across sectors, with over a quarter (27%) agreeing that more training for middle managers to ensure they communicate the organisation purpose to staff correctly and clearly will improve/restore purpose. Middle management is an interesting group as they not only communicate shared purpose but also receive communication about purpose from senior management.

Figure 21: How can shared purpose be improved/restored? (%)



6 Shared purpose and organisational performance

Introduction

In this section the link between shared purpose and performance is analysed. Performance is discussed at two levels. First, we look at the perceptions people have of the financial performance of their organisation (if operating in the private sector) or the way in which services are delivered in the public or third sectors.

Second, we look at whether the perceptions respondents have of the performance of their organisation is true in reality. This has been undertaken by selecting a number of organisations for which we have details and obtaining financial records and other performance information.

Shared purpose and the perception of performance

It has already been seen that those organisations with a sense of shared purpose are more likely to have staff who are engaged, satisfied with their work and know the organisation's goals and values. The key question is: to what extent does the sense of shared purpose translate into a more favourable financial picture

compared with rivals who have no sense of shared purpose or a more limited one?

It should be remembered that the following analysis is based upon perception and we cannot be sure whether the respondent is in a position within the organisation to know its real financial situation.

From the survey there appears to be some link between sense of shared purpose and the perception that the organisation has performed better than its peers, as Figure 22 shows

Figure 22 indicates that a sense of shared purpose leads to a perception that the organisation has performed better than its peers and has improved both its market share and financial performance. However, while there is a clear distinction between where no shared purpose exists and having purpose, there is no clear distinction between the different degrees of shared purpose. The difference between where purpose is shared wholly throughout the organisation and where it is only partially shared is not statistically significant.

Figure 22: Perception of financial performance – private sector organisations (%)

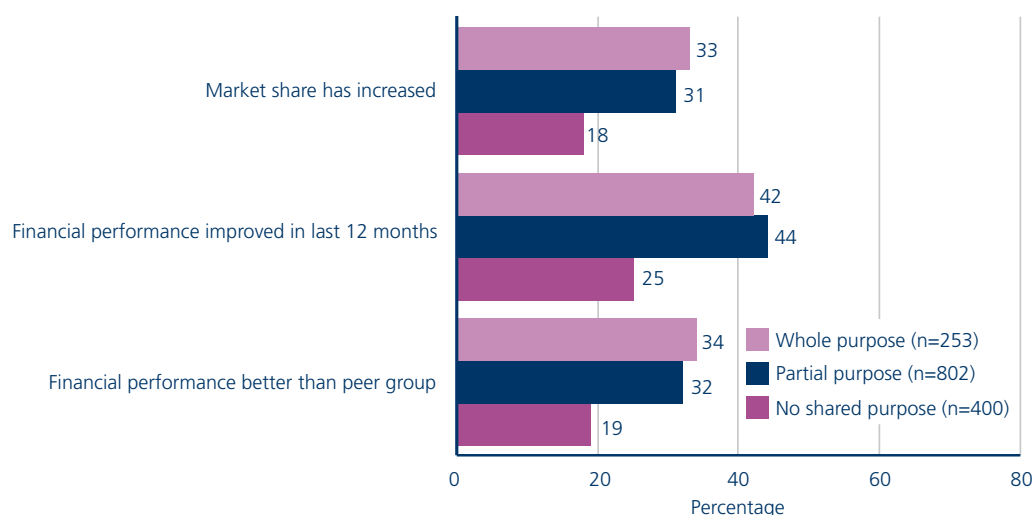
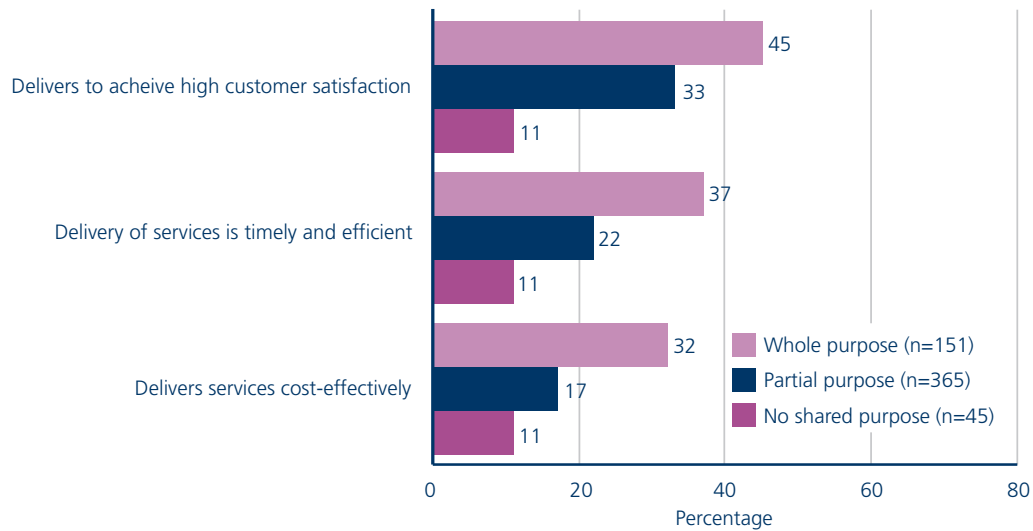


Figure 23: Perceptions of service delivery (public and third sector organisations) (%)



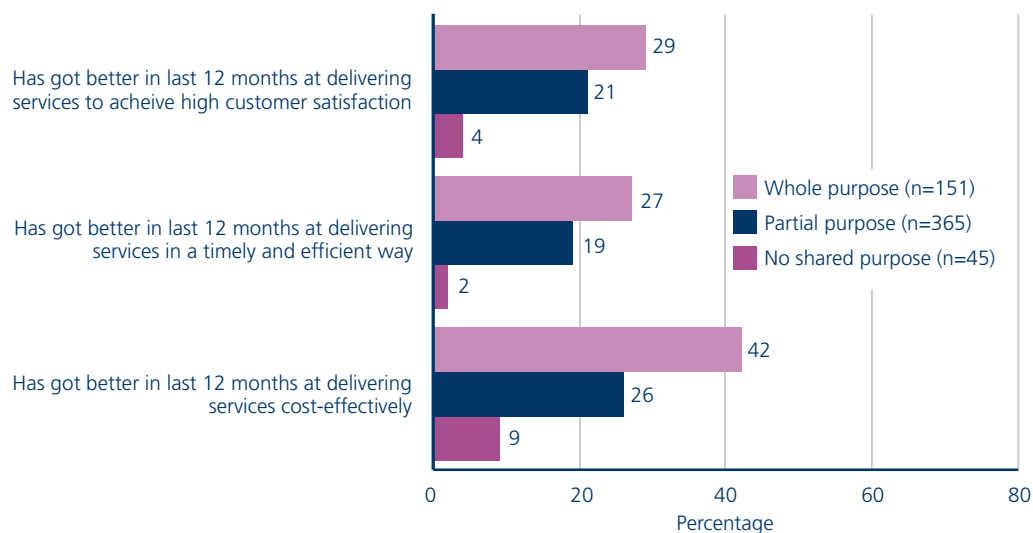
The differences are more pronounced in relation to the public and voluntary sector indicators, as can be seen in Figure 23. Respondents in public and voluntary organisations were asked a different set of indicator questions to reflect their non-commercial purpose. These questions were framed around delivery of services in a timely and efficient manner, with high customer satisfaction at the heart of the delivery.

Figure 23 shows a positive relationship between the level of shared purpose and performance; the greater the sense of shared purpose, the greater the perception

that service delivery is more timely, cost-effective and leads to higher levels of satisfaction. Some caution should, however, be applied because the base size for respondents who say their organisation has no sense of shared purpose is low.

It is a similar story when looking at the extent to which public service delivery has improved, stayed the same or got worse over the last 12 months. Once again there are clear differences, although this is within a context of significantly lower scores for being timely and efficient and cost-effectiveness.

Figure 24: Perception of whether service delivery has improved, worsened or stayed the same in the last 12 months (%)



In relation to achieving high customer satisfaction and delivering in a timely and efficient way, the majority (well over half) with some sense of shared purpose believe that things have stayed the same over the last 12 months.

What is the link between shared purpose and performance?

So far this section has related shared purpose with the respondent's perceptions of the performance of their organisation. As was seen in the preceding analysis, the tendency is for respondent perception of purpose to be connected with a positive perception of performance. This section analyses the extent to which the level of shared purpose relates to the actual performance of the organisation.

To undertake this analysis, respondents were asked to give the name of the organisation for which they work. From this information, 50 organisations were selected, split by the extent to which a shared purpose is said to exist by the respondent. Twenty-five organisations were selected where the respondent (the employee of the organisation) said a shared purpose exists throughout the whole of the organisation. A further ten organisations were selected where the employee said that a sense of purpose is shared within some, but not all, of the organisation. Finally, 15 organisations were selected where the employee stated that no sense of shared purpose exists within the organisation.

For each of the 50 organisations, data was collected to enable an assessment to be made of its performance. The following indicators have been used:

Private sector companies

- **Indicator 1:** increase or decrease in turnover for the most recent accounting year compared with the previous accounting year (Companies House records).
- **Indicator 2:** increase or decrease in pre-tax profit for the most recent accounting year compared with the previous accounting year (Companies House records).

Public sector

There are different public sector indicators depending upon the organisation. Public sector organisations include two police forces, one local authority, two

government departments and a charity. As there are no performance indicators that are common to all of the different public sector organisations, it has been necessary to construct indicators for each organisation. These are:

Police forces

- **Indicator 1:** increase or decrease in the number of crimes per 1,000 population this year compared with last year (Home Office statistics).
- **Indicator 2:** overall satisfaction with service (constabulary surveys).

Local authority

- **Indicator 1:** increase or decrease in satisfaction with area as a place to live (place survey).
- **Indicator 2:** increase or decrease in the number of pupils gaining five or more GCSEs at grades A*–C (Department for Education data).

Housing association

- **Indicator 1:** increase or decrease in percentage of the rent roll collected (annual report).
- **Indicator 2:** increase or decrease in tenant satisfaction (annual report).

Government departments

- **Indicator 1:** processing of applications within target time period (departmental key performance indicator (KPI)).
- **Indicator 2:** satisfaction with the service (departmental KPI).

Results for indicators 1 and 2 have been plotted on a table together with the survey findings relating to engagement, satisfaction, values and goals. There are three separate tables showing different degrees of shared purpose (whole, partial, none). In the table, an upward arrow represents that performance on the indicator has increased in the last year for which records are available. For example, an upward arrow means that gross profit has increased over the last 12 months or that public sector processing times have sped up. A downward arrow means that performance has got worse. This might mean that profit has fallen year on year or that customer satisfaction has declined. A double-headed arrow on its side means that performance has remained the same over the last 12 months.

For results relating to engagement, satisfaction, values and goals, an upward arrow means the organisation does have goals and values and that the respondents are engaged and satisfied. A downward arrow means the organisation does not have goals and values and that the respondent is not engaged/satisfied. An arrow on its side means that the respondent doesn't know whether their organisation has values/goals, and for engagement and satisfaction it means the respondent is neither (that is, neither satisfied nor dissatisfied).

Before looking at the table it is important to state that the research is not attempting to establish a statistically valid causal link between shared purpose and performance. There are a number of reasons for this. First, the classification of an organisation in relation to purpose is based upon the opinion of a very small number of people and sometimes only one person. Clearly, the thoughts of one or two people within an

organisation do not necessarily reflect the views of all the employees. Second, only 50 organisations are included in the analysis, which is too small a number to make for meaningful statistical analysis. Third, the number of indicators against which performance is measured are limited and a more statistical analysis would require a greater number of indicators to be set. However, the table gives a good indication of what the relationship between purpose and performance might look like.

Tables 6, 7 and 8 are a way of showing 'soft' measures (such as engagement and satisfaction) alongside 'hard' measures (such as the performance indicators) to provide a broader picture that better reflects the diverse but valuable outcomes that may come from initiatives such as shared purpose. In this way the approach explored here can be thought of as similar in nature to interpretations of Kaplan and Norton's (1992) balanced

Table 6: Organisations with no sense of shared purpose

	Performance on Indicator 1	Performance on Indicator 2	Engagement	Satisfaction	Values	Goals
Voluntary sector: Charity	▲	▼	▲	▲	▲	▲
Private sector: Human health	▲	▲	▼	▼	▲	▼
Private sector: Timber	▼	▼	▼	▼	▼	▼
Private sector: Catering	▼	▲	▼	▼	▲	▲
Private sector: Manufacturing	▼	▼	▷	▷	▼	▼
Private sector	▼	▼	▲	▷	▲	▷
Private sector: Manufacturing	▲	▼	▼	▼	▲	▲
Private sector: Manufacturing	▲	▲	▷	▼	▲	▲
Private sector: Telecoms	▼	▼	▲	▷	▲	▲
Public sector: Agency	▼	▼	▼	▼	▲	▲
Public sector	▲	▲	▼	▼	▲	▼
Voluntary sector: Housing	▼	▷	▲	▷	▲	▲
Private sector: Retail	▲	▲	▷	▷	▲	▲
Local Council	▼	▼	▲	▷	▲	▼
Private sector: IT	▲	▲	▼	▼	▲	▼
Private sector: Transport	▲	▲	▲	▲	▲	▲
Private sector: Health	▲	▲	▷	▷	▷	▷
Private sector: Oil & Gas	▲	▲	▷	▷	▲	▷
Private sector: Retail	▼	▲	▲	▷	▷	▷
Private sector: Transport	▼	▼	▼	▲	▲	▲

An upward arrow represents that performance on the indicator has increased. A downward arrow means that performance has got worse and an arrow on its side means that the performance has remained the same over the last 12 months.

Table 7: Organisations with a partial sense of shared purpose

	Performance on Indicator 1	Performance on Indicator 2	Engagement	Satisfaction	Values	Goals
Private sector: Telecoms	▲	▼	▼	▼	▲	▷
Private sector	▲	▲	▲	▲	▲	▲
Private sector: Health	▼	▼	▲	▲	▲	▲
Public sector: Constabulary	▼	▲	▲	▼	▲	▲
Public sector: Department	▼	▼	▷	▷	▲	▲
Private sector: Retail	▲	▼	▲	▲	▲	▲
Private sector: Health	▲	▲	▲	▷	▲	▲
Private sector: Manufacturing	▲	▲	▲	▲	▲	▲
Public sector: Police	▼	▲	▲	▼	▲	▲
Voluntary sector: Charity	▲	▼	▲	▲	▲	▷

An upward arrow represents that performance on the indicator has increased. A downward arrow means that performance has got worse and an arrow on its side means that the performance has remained the same over the last 12 months.

Table 8: Organisations with a whole sense of shared purpose

	Performance on Indicator 1	Performance on Indicator 2	Engagement	Satisfaction	Values	Goals
Private sector: IT	▼	▼	▼	▼	▲	▲
Private sector: IT	▼	▼	▷	▲	▲	▲
Private sector: Insurance	▲	▲	▲	▲	▷	▲
Private sector: Retail	▲	▲	▼	▼	▲	▲
Private sector: Construction	▼	▲	▲	▲	▲	▲
Private sector: Retail	▲	▲	▲	▲	▲	▲
Private sector: Transport	▼	▼	▲	▲	▲	▲
Local Council	▲	▼	▲	▲	▲	▲
Private sector: Leisure	▲	▲	▲	▲	▲	▲
Private sector: Insurance	▼	▲	▲	▲	▲	▲
Private sector: Banking	▼	▲	▲	▲	▲	▲
Private sector: IT	▲	▲	▲	▲	▲	▲
Private sector: Retail	▲	▲	▲	▲	▲	▲
Private sector: Construction	▲	▲	▲	▲	▲	▲
Voluntary sector: Charity	▲	▼	▲	▼	▲	▲
Private sector: Health	▲	▲	▲	▲	▲	▲
Private sector: Retail	▼	▼	▲	▲	▲	▼
Public sector: Police	▼	▲	▲	▷	▲	▲
Private sector: Retail	▼	▲	▲	▼	▲	▲
Private sector: Retail	▲	▲	▲	▲	▲	▲

An upward arrow represents that performance on the indicator has increased. A downward arrow means that performance has got worse and an arrow on its side means that the performance has remained the same over the last 12 months.

scorecard (BSC)³ and John Elkington's triple bottom line,⁴ which also show a more comprehensive view of organisational accounting than the conventional profit and loss.

The findings show that there are more (positive) upward arrows on the table showing the organisations that have a full shared purpose compared with those that have no shared purpose. The picture is more mixed for those organisations with a partially shared purpose.

Comparing the 20 organisations with a fully shared purpose with the 20 organisations with no shared purpose produces some interesting comparisons and best illustrates the tendency for shared purpose organisations to outperform lack of shared purpose organisations.

Table 9 brings together key information from Tables 6, 7 and 8. It shows that a greater number of whole shared purpose organisations have improved on one or more indicator than those with no shared sense of purpose. Similarly, shared purpose organisations outperform non-shared purpose organisations in relation to improving on both indicators. Conversely, a greater number of organisations with no shared purpose have seen performance decrease than those with a shared purpose.

The tendency, taking into account the caveats discussed earlier, seems to be that shared purpose organisations perform better than those with no shared purpose. However, it is also the case that the differences are recognisable but not pronounced.

Table 9: Purpose and performance (%)

	Whole shared purpose (n=20)	No sense of shared purpose (n=20)
Number of organisations that have improved performance on one or more indicators	16	12
Number of organisations that have improved performance on both indicators	9	7
Number of organisations that have seen performance decrease on one or more indicators	11	12
Number of organisations that have seen performance decrease on both indicators	4	7

³ Kaplan and Norton's (1992) balanced scorecard (BSC) is a model developed to integrate non-financial considerations, such as customers, internal processes, learning and diversity, with the long-term financial success of organisations. (Source: CIPD Change Agenda: *Managing diversity: linking theory and practice to business performance*)

⁴ The triple bottom line focuses corporations not just on the economic value they add, but also on the environmental and social value they add – and destroy. (Source: Elkington 2004)

Conclusions

An organisation's purpose is at the core of its very reason for being. Different organisations have different purposes that resonate with their employees to a greater or lesser extent. The survey has shown that making money and creating value for customers is the main purpose of private sector firms, while benefiting society and creating value are viewed as the purpose of public bodies. Employees are more motivated by non-profit-related purpose but many are accepting of it and are prepared to 'live' the values of the organisation. The important point here is that purpose, values and goals are aligned for many people regardless of the overall purpose of their organisation.

Where there is such alignment, the research suggests that the impacts are very positive. Levels of engagement and satisfaction are increased and the perception of the organisation as one that outperforms its rivals is tangible. Arriving at this situation requires that people not only understand the purpose and values of the organisation but also see where they fit into it. The emphasis here is on understanding; an employee can only share the purpose of the organisation if they understand what that purpose is. Similarly, a greater sense of purpose is achieved if their goals are aligned with the organisation's values. These can be seen as the key ingredients of shared purpose, so how many actually believe that they have a sense of shared purpose?

The survey suggests that a sense of purpose is quite high among employees. The issue is how deep does the sense of shared purpose go? The survey is revealing on this because it shows that there are two peaks – one among the immediate team, the other throughout the organisation. Just over one-quarter believe that a sense of shared purpose permeates throughout the organisation but, as the survey shows, for the majority, the sharing of purpose stops short (and in some places considerably short) of the whole organisation.

The seeming lack of breadth of shared purpose raises an important question: does it actually matter that shared

purpose does not permeate through the whole organisation? The evidence is contradictory. On the one hand, there is clear evidence that those organisations where there is some sense of purpose, regardless of how shallow or deep it runs, outperform those organisations where no sense of purpose permeates through. This is seen in relation to 'employee indicators', such as satisfaction and engagement, but also in relation to financial and service delivery indicators, such as turnover, profit and customer satisfaction. However, the picture is less clear cut with regard to the degree to which shared purpose is shared throughout the organisation. There is no statistical evidence to suggest that the more a shared sense of purpose permeates throughout an organisation the greater are the financial benefits. It is slightly different for public and third sector organisations, where the differences in employee perception of the organisation are more pronounced for those where a sense of shared purpose permeates through the whole organisation.

Does it actually matter that the research did not establish a causal link between shared purpose and benefits? It should be stated that the research was not set up to establish a causal link but to offer indications about potential benefits of shared purpose. It is clear that shared purpose is not something that can be implemented overnight; there is no quick fix. It involves a clear understanding of the organisation's purpose and an alignment of values and goals with this. The evidence suggests quite strongly that when these factors are aligned, there are tangible benefits to the organisation. At this stage in the theoretical development of shared purpose, this is as much as can be hoped for.

The research also highlights the importance of communication and leadership along the path to achieving a greater degree of shared purpose. There is a clear role for senior managers and the use of mechanisms such as appraisals and one-to-one meetings. There is a role also for board members and trustees to demonstrate that they too 'live' the values. Many employees believe that this does not happen within their organisation.

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