

Stockholm School of Economics
Department of Management and Organization
Master Thesis 30 ECTS
Spring 2022

MAKING PURPOSE PURPOSEFUL

A Multiple Case Study on How Management Control Systems are Used to Fulfill Purpose-Strategies

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Abstract:

The topic of purpose-strategies has received attention within both business and academia after recent studies have shown positive outcomes for companies who have adopted purpose-strategies. Previous literature has mostly examined how purpose is developed, implemented, and what outcomes it may bring. However, the topic of purpose governance and control has largely been neglected, creating a missing link in the research area. Furthermore, research about purpose-strategy among business-serving companies has also been overlooked. Literature about Management Control Systems (MCS) has been imperative to understand strategy-making, by explaining how strategies are controlled and monitored. Using MCS as a theoretical lens, this qualitative multiple-case study explores how organizations act to control their purpose-strategy. Moreover, the study investigates explanations behind variety in deployment of control processes between companies. The results of the study shows that companies thoroughly control attainment of purpose strategies using a broad mix of formal and informal MCS. Additionally, our findings suggest that the level of heterogeneity and the tangibleness of a company's offering determine the use of MCS to control fulfillment of purpose. The study contributes to the theoretical understanding of controlling purpose-strategies using the lens of formal and informal MCS, and what explains variations between choices of method when controlling purpose-strategies. The findings furthermore provide valuable insight for managers looking to design control processes related to purpose strategies.

Keywords: Organizational Purpose, Management Control Systems, Strategy Control, Formal Controls, Informal Controls

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Acknowledgements

First, we would like to thank all the participating companies and respective representatives for their engagement and willingness to share insights about their work as a purpose-driven company. Your participation in this study has been extremely valuable, and above all, fun!

Secondly, we would like to thank our *Organization Wizard* – Mats Jutterström – for his dedication and enthusiasm when supporting us throughout this process. *PS. We truly appreciated all the delicious coffee!*

Last but not least, we want to thank all of our family and friends who have supported us throughout our studies. For the last two years, we would like to extend an extra Thank You to our friends in P&S – you know who you are!

As this marks the end of an era, we want to share our genuine excitement for the start of a new, remunerative, beginning.

Stockholm, May 2022

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1 Introduction

1.1 Background & Problematization

The world is experiencing significant environmental, social, economic, political, and technological changes with major implications for how organizations are being managed (Tawse & Tabesh, 2021). These changes have been fueled by crises and scandals, such as the financial crisis in 2008, the ongoing climate change crisis, or the current COVID-19 pandemic, to name a few. As a result, the interest for how organizations ought to successfully manage strategies fitted for an ever changing tomorrow has increased (Kastanakis et al., 2019). Emerging from this new normal are new strategies, putting *organizational purpose* at the center of attention (George, Haas, McGahan, Schillebeeckx, Tracey, 2021; EY-HBR, 2015).

In 2018, CEO of BlackRock, Larry Fink, made headlines when he proclaimed “Without a sense of purpose, no company, either public or private, can achieve its full potential.” Larry Fink is not alone with his recent perspective of a company's purpose. In business research, the subject of purpose-driven organizations received significant attention after Stengel (2011) argued that purpose-driven companies outperformed the S&P by 400 % over a ten-year period. Another prominent study by Porter Novelli, & Cone (2019) also generated interest, claiming that US consumers are more likely to think positively about, trust in and be loyal to firms that “put purpose first”.

While several studies show positive results for organizations being purpose-driven, research has also shown that successfully managing and controlling a purpose-strategy can be challenging (George et al., 2021). A report of 502 business leaders showed a disconnection between acknowledgement and action, where 79% found purpose central to business success, but only 35% claim to use purpose as a beacon for decision making in their management team (PwC, 2016). Previous research exposing decoupling between companies' externally communicated formal structures and their actual ongoing work activities (Meyer & Rowan, 1977; Brunsson, 1989) further amplifies these challenges. After scrutiny, organizations failing to enact and live by their purpose have been labeled as “goodwashers” (Martell, 2018), and accused of deception and hypocrisy (George et al., 2021; Carlos & Lewis, 2018).

As a response to the abovementioned criticism, scholars have investigated how organizations may develop and implement a purpose (George et al., 2021), thus placing purpose within the research field of strategy-making and strategy implementation. However, scholars have identified missing links within this nascent research area. First, while extensive research on the topic of purpose has looked at case studies of consumer-serving businesses, business-serving customers and how they enact purpose strategies have generally been neglected (Cone, Fanelli, & Salomon, 2020). Second, the use of governance practices to ensure fulfillment of purpose strategies has also to a large extent been disregarded. Accordingly, researchers have called for a better understanding of how developed and

implemented purposes are enacted and controlled to ensure strategic fulfillment (George et al., 2021).

In regards to the limited research within the topic, or so-called ‘missing link’, Cady, Wheeler, DeWolf, & Brodke (2011) claims that establishing and formalizing a purpose may in itself affect the governance of an organization, as a successful purpose can act as a form of control system that decreases monitoring. Other researchers argue that integrating purpose into the hiring and daily work-processes can decrease ambiguity amongst employees in regards to behavior and decision making (George et al., 2021). Studies have also looked into the utilization of business values scorecards to steer corporate behavior by aligning internal activities, processes, and routines with the organizational values and overarching purpose (Jazayeri & Scapens, 2008). Lastly, studies have investigated how legal organizational forms linked to corporate purpose, such as Benefit Corporations (or *B-Corps*), affects control processes (Hemphill & Cullary, 2014). Nonetheless, little to none research has made a broad and thorough investigation of the multifaceted processes and activities companies deploy to ensure fulfillment of their intended purpose strategies.

Previous literature declares that the use of *Management Control Systems* (MCS) has played an important role in explaining how companies align the organization for attainment of strategic objectives (Simons, 1995; Tuomola, 2005; Henri, 2006; Akroyd & Kober, 2020). In recent years, MCS have been found to be used by managers to enact and control other nascent strategies related to purpose, such as *Corporate Social Responsibility* (CSR)-strategies (Laguir, Laguir, & Tchemeni, 2018). However, no research has investigated how MCS are used and managed to control the fulfillment of purpose-driven strategies. Moreover, it should not be precluded that there are variances between how companies use MCS to control for purpose attainment. Investigating what dictates the choice of control methods can further increase the understanding of the subject.

To summarize, although previous studies have unveiled how to successfully develop and implement purpose-strategies and the potential benefits it may yield, there is an eminent lack of understanding as to how companies act to control attainment of their purpose. Studies related to the control and governance of purpose have often applied a niche perspective, investigating legal organizational form (Hemphill & Cullary, 2014) or by looking at single aspects related to a purpose, such as hiring practices or the use of business value scorecards (Jazayeri & Scapens, 2008; Cady et al., 2011; White et al., 2017; George et al, 2021). Moreover, previous literatures’ sole focus on consumer-serving companies highlights a need for a broader perspective when studying the research area of purpose-strategies. This unveils an interesting opportunity to expand the understanding of how companies on a broad level act to control for fulfillment of their purpose strategies, and what may dictate potential differences of the control activities used.

1.2 Purpose & Research Questions

This study aims to explore how organizations act to control fulfillment of their purpose-strategies and investigate potential variations in deployment of control processes between companies. Accordingly, the study will use an abductive, qualitative approach through the use of a multiple case study design, looking at companies within a multitude of industries. Our aim is to contribute with an increased theoretical and practical understanding of how companies control attainment of their purpose-strategy and hence fill the void of academic research about governance and control of purposes. Moreover, the study intends to provide further understanding surrounding potential variations between the choice of methods to control fulfillment of purpose strategies.

Therefore, we aim to answer the following research questions:

RQ1: How do companies act to control fulfillment of an organizational purpose?

RQ2: What explains potential cross-company variation between how companies act to control fulfillment of an organizational purpose?

1.3 Expected Contribution

By answering the research questions, this study aims to make several contributions. Firstly, the limited research on purpose governance and control on both consumer-serving and business-serving companies will be further developed with empirical evidence. Given the increased interest in purpose-strategies (George et al., 2021; PwC, 2016; EY-HBR, 2015), more knowledge is needed to understand how companies ensure that they attain their proclaimed purpose. Secondly, this study aims to find explanations as to why companies may differ in their methods and processes to control purpose-strategies. By expanding the knowledge within this field, the study hopes to contribute to the understanding of what potential factors are of importance when selecting control activities. Lastly, by applying the theoretical lens of MCS, our intention is to provide an increased understanding of the role of MCS to govern nascent strategies.

Furthermore, this study has the potential to contribute to practitioners. Given the increased interest in purpose-strategies and the observed discrepancy between acknowledgement and action (PwC, 2016), companies pursuing a purpose-strategy may use the findings to reflect on their own control activities. Additionally, companies aiming to adopt a purpose-strategy may find inspiration to how they may design control activities from their own conditions.

2 Previous Literature & Theoretical Framework

This chapter will provide a conceptualization of purpose (2.1), before presenting an overview of the previous literature related to governance and control of purpose (2.2). Thereafter, general literature of strategy and control is discussed (2.3), before deep-diving into the theoretical foundation of formal and informal controls (2.4). The chapter concludes with a discussion of the research gap (2.5) and a presentation of the analytical framework (2.6).

2.1 Conceptualization of Purpose

The topic of organizational purpose is gaining increasing attention both from academia and corporate leaders (Dacin, Dacin, & Tracey, 2011). Since Friedman's (1970) definition of firms' purpose and their social responsibility as "profit maximizers for shareholders", the trend has leaned more towards higher-order goals, connected with societal responsibility (Henderson & Van den Steen, 2015; Meyer, 2020). Nonetheless, the somewhat radical shift in debate about purpose has also created ambiguity amongst the public discourse about what purpose *actually* is. There is currently no commonly adopted definition in place, neither by academia or by practitioners (Gartenberg, Prat, & Serafeim, 2019). Thus, several definitions of purpose are to be found today, as shown in Table 1.

Author (Year)	Definition
Friedman (1970)	"The social responsibility of business is to increase its profits."
Bartlett & Ghoshal (1994)	"The statement of a company's moral response to its broadly defined responsibilities, not an amoral plan for exploiting commercial opportunity."
Stengel (2011)	"Purpose is why your brand exists beyond making money."
Henderson & Van den Steen (2015)	"A concrete goal or objective for the firm that reaches beyond profit maximization."
Gartenberg, Prat & Serafeim (2016)	"The meaning of a firm's work beyond quantitative measures of financial performance."
Meyer / World Economic Forum (2020)	"To produce profitable solutions to the problems of people and planet, and not to profit from producing problems for people or planet."

Table 1 - List of Definitions of Corporate Purpose

Given the ambiguity and range of different interpretations, prominent researchers within the field of corporate purpose have consolidated several definitions before proposing a common definition of purpose, stated as following:

“Purpose in the for-profit firm captures the essence of an organization’s existence by explaining what value it seeks to create for its stakeholders. In doing so, purpose provides a clear definition of the firm’s intent, creates the ability for stakeholders to identify with, and be inspired by, the firm’s mission, vision, and values, and establishes actionable pathways and an aspirational outcome for the firm’s actions.”

(George et al., 2021, p. 7)

In this study, we choose to deploy this suggested definition by George et al. (2021), viewing purpose as the essence of a company’s existence and the value it seeks to create for all its stakeholders.

2.2 Governance & Control of Purpose

As the subject of purpose strategies has gained attention, researchers have investigated various topics about purpose, such as its linkage to business performance, the intentions behind developing a purpose, and how organizations develop and implement a purpose (see *Figure 2* on p. 17). However, little research has been dedicated towards the question of how companies have moved from the development and implementation stage to how companies in practice act to ensure that operations are aligned with the purpose. Hence, researchers in the field of purpose studies argue that more attention should be directed to the various governance practices organizations use to manage and control purpose-driven strategies. Moreover, little is known about the balance of managing formal incentives in combination with the emergence of informal enticements, where previous researchers have argued that purpose is affected by intangible factors, such as cultural norms, equity and social justice (George et al., 2021).

In regards to the limited research about governance and control of purpose, scholars argue that embedding purpose in firms’ internal processes and hiring processes can bring clarity as to how employees should act (George et al., 2021). In line with this topic, White, Yakis-Douglas, Helanummi-Cole, and Ventresca (2017) states that reward systems can be used to align behaviors with purpose. Another study asserts that the use of business values scorecards may align internal processes and routines with a company’s values and purpose (Jazayeri & Scapens, 2008). Lastly, Adam and Rachman-Moore (2004) claim that companies can use training courses to ensure that employees comply with the set codes of conduct.

2.3 Strategy & Control

Research about MCS has been essential to understand strategy-making, by expanding the knowledge on how strategies are being controlled and monitored (Anthony, 1965; Simons, 1995; Otley, 1999; Marginson, 2002; Tuomela, 2005; Henri, 2006; Mundy, 2010). Organizations utilize MCS in order to shape newly developed strategies and maintain control

of the implemented strategy (Malmi & Brown, 2008). Amongst the founders of this research topic, Anthony (1965, p. 17) first defined MCS as “the process by which managers ensure that resources are obtained and used effectively and efficiently in the accomplishment of the organization’s objective”.

MCS are being deployed to control organizational goal attainment by enabling employees to search for opportunities and solve problems (Chenhall & Morris, 1995; Simons, 1995, Ahrens & Chapman, 2004; Zimmerman, 2005). This requires balance between taking actions connected to the organizational goals while simultaneously allowing enough decision-making autonomy for employees (Sprinkle, 2003; Roberts, 1990). Managers utilize MCS to create this balance by (1) adopting controlling processes, used to mitigate the risk of undesired opportunity seeking, and by (2) adopting enabling processes, used to guide and improve decision-making (Sprinkle, 2003).

Simons (1995) applies a holistic view of control systems, arguing that MCSs is a means for organizations to successfully fulfill their intended strategies. The author developed a framework called *Levers of Control* (LOC) to be used as a tool to explain how companies use MCS to facilitate employee creativity whilst also imposing restrictions on employee behavior. Empirical studies in both Management Control and Management literature have utilized the LOC framework to depict how organizations use a broad range of MCS to encourage creativity while simultaneously pursuing control over goal attainment (Abernethy & Brownell, 1999; Bonner, Rueker, & Walker, 2002; Bisbe & Otley, 2004; Marginson, 2002; Tuomela, 2005). The framework consists of four key components which together summarizes how organizations use their MCS. The four processes are *Belief Systems*, *Boundary Systems*, *Diagnostic Control Systems* and *Interactive Control Systems* (Simons, 1995).

2.4 Theoretical Foundations

In this sub-chapter the theoretical foundations for this study are presented. The study investigates the concept of controlling purpose-strategies by drawing on Simons (1995) categorization of formal controls using the LOC framework. Thereafter, informal controls as defined by Anthony, Dearden & Bedford (1989) are discussed.

2.4.1 Formal Controls

Formal controls are based on the objective and visible practices, found in for example rules, standard operating procedures and budgeting systems (Langfield-Smith, 1997). Managers design formal control mechanisms with the intent to influence organizational behavior to implement the firm’s strategy (Anthony & Govindarajan, 2007). Additionally, formal controls typically include output control, facilitated by feedback and feed-forward loops (Anthony et al., 1989; Anthony & Govindarajan, 2007). As mentioned, Simons (1995) categorized formal control systems into four different “levers” managers utilize to govern strategy fulfillment. These are presented in detail below.

2.4.1.1 Belief Systems

Belief systems are the unique set of organizational definitions that managers communicate formally, and reinforce systematically, to provide a set of values, purpose and direction for the organization. Especially highlighted are the values and direction linked to the business strategy of the firm, which senior managers want subordinates to adopt. A formal belief system is developed and communicated through the use of documents such as mission statements, credos, and statements of purpose. Belief systems aim to transfer information about organizations' core values, the level of performance desired, and how employees are expected to manage internal and external relationships (Simons, 1995).

Belief systems are created by using symbols of information, with the intent to inspire and guide organizational search and discovery. In turn, these systems help participants to determine what types of problems to focus on and what types of solutions to search for when challenges arise. Moreover, in the absence of problems, belief systems can motivate individuals to search for new value creating activities (Simons, 1995). They help to promote the goals and values that may not be reflected in other formal controls, and sanction deviation from set expectations. As such, these types of systems offer an alternate rationale for decision-making and provide the operating paradigm of which the other formal controls operate under (Dent, 1991). Due to their ability of signaling strategic goals, belief systems are moreover utilized by managers operating in uncertain conditions to allow participants to match their behavior to the desired outcomes (Speklé, 2001).

Simons (1995) argues that belief systems must be broad enough to allow for all participants in the organization to commit to the expressed values on their own terms. As a consequence, they cannot be linked to formal organizational incentives. Belief systems are too abstract in their nature to be used as performance measures, implying that other mechanisms must be used to transform the messages into actions and activities. Many of the benefits stemming from developing formal belief systems are linked to the discussion necessary to communicate and interpret these beliefs, rather than the formal messages themselves (ibid). However, even though organizational-level belief systems may not be immediately relevant to certain employees and sub-units, they still supply a consistent strategic agenda under which participants can group (Ahrens & Chapman, 2004).

2.4.1.2 Boundary Systems

Boundary systems are used to outline the acceptable domain of activity for managers and employees. In contrast to belief systems, boundary systems do not define positive organizational ideas, but are instead used to establish limits to opportunity-seeking behavior in order to limit business risk. Boundary systems are most commonly stated negatively, or as "minimum standards" with the aim of focusing search and creating value within set barriers (Simons, 1995).

Boundary systems allow managers to delegate decision making, paving the way for organizations to achieve flexibility and creativity within the opportunity space. Where belief

systems provide organizational guidelines and motivate individual opportunity seeking within an unlimited opportunity space, boundary systems restrict the acceptable domain for search activities. Consequently, the previously unlimited opportunity space is transformed into a focused domain for participants to act within (Simons, 1995). This is visualized in Figure 1.

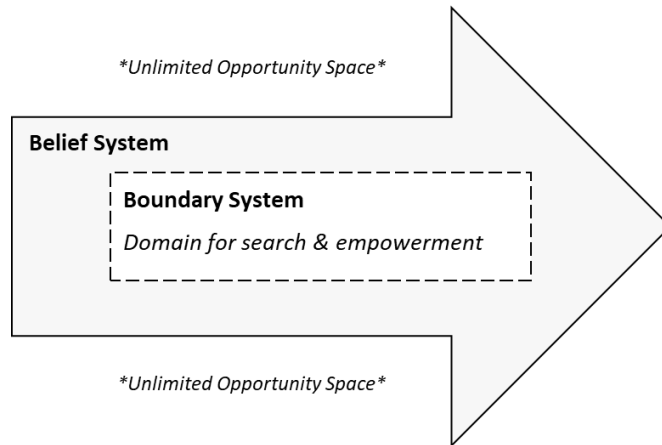


Figure 1: Transforming Opportunity Space into a Focused Domain for Organizational Search (modified from Simons, 1995)

Boundaries make it risky for participants to search for opportunities outside the formalized domains. Therefore, if set inappropriately, strategic boundaries can hinder organizational abilities to adapt to changing environments, technology and preferences. Moreover, they can limit opportunity-seeking in new or unanticipated markets, creating the risk of missing early mover advantages (Simons, 1995).

The most basic boundary systems are *business conduct boundaries* (Simons, 1995). Most codes of business conduct are stated in proscriptive terms, including for example conflicts of interest, antitrust laws, prohibiting the use of insider information for stock trading, and bribing government officials. Simons (1995) also argues that senior managers can use business conduct boundaries in cases of high environmental uncertainty or when internal trust is low. To prevent unacceptable behaviors in uncertain environments, managers impose clear guidelines (Perrow, 1986). When internal trust is low, there is an increased risk of undesirable actions (Kanter, 1977), as a lack of shared commitment to the organization's goals could spark self-interested behaviors overriding organizational interests (Simons, 1995).

Simons (1995) moreover discusses *strategic boundaries*, being formal controls that aim to support organizational strategies by focusing opportunity-seeking behavior. Strategic boundaries are used to set limits to acceptable opportunities, for example by creating guidelines for minimal standards. By doing so, managers can be forced to consider exiting undesirable business areas when not fulfilling the minimal standards. To formalize what search activities are improper, managers moreover use planning tools and checklists, for example by defining a “green and red space” for search opportunities. Even if the organization has the opportunity and capabilities to operate and compete in a red space, they

can be considered off-limits due to the strategic focus of the firm and should hence not be given attention. Managers can also set strategic boundaries stemming from ethical codes, by for example black-listing undesirable companies or industries to conduct business with (Simons, 1995).

2.4.1.3 Diagnostic Control Systems

Depending on the need of business operations, a variety of systems can be used to control output directly. For example, if low variation in output is desired, operating processes can be highly specified and followed up with internal control standards to guarantee desired quality. These systems minimize creativity and individual error, which can be desired for certain tasks. On the other hand, when monitoring workflows is impossible or undesirable, managers can control output through careful selection of inputs. For example, delicate recruitment of individuals and indoctrination of organizational mission, goals and work methods act as tools to control output. However, when standardization cannot be utilized due its negative impact on creativity, and input controls are too cost exhausting, diagnostic control systems offer a middle ground (Simon, 1995).

Managers use formal diagnostic systems in order to identify exceptions or deviations from strategic plans. These can be both financial data, indicating target achievement, or non-financial data that enables managers to control key success factors (Abernethy & Lillis, 2001; Perera & Harrison, 1997; Tuomela, 2005). Diagnostic use is not solely a constraining influence on employees' behavior and decision-making, as goal-tracking highlights problems which can motivate participants to achieve their goals using innovative methods (Emsley, 2001; Ittner & Lacker, 1998; Kato, Boer & Chow, 1995; Norman, 2001. Simons (1995) lists three features which distinguish diagnostic control systems: (1) the ability to measure the output of a process, (2) the existence of predetermined targets which current performance can be measured against, and (3) the ability to correct potential deviations from the predetermined targets. Diagnostic control systems are also used to monitor organizational results, and typical examples include goals and objective systems; business plans; profit and expense budgeting; human resource plans.

The aim of diagnostic control systems is to allow managers to free up their focus space and direct it to urgent matters. This is done by measuring output variables that represent important variables for an intended strategy (Simons, 1995). Such measurements, referred to as *critical performance variables*, have to be achieved in order for the intended business strategy to succeed. Different strategies require different performance variables. Hence, to identify the correct performance variables, the intended strategy has to be analyzed (ibid).

Lastly, incentives are a powerful tool for managers to stimulate individual motivation and opportunity-seeking. Diagnostic control systems are commonly used as a catalyst in this process, linking incentives to defined output targets. Compensation incentives are not only used to reward outcomes, but are also utilized as a tool to align opportunity-seeking with the organizational strategy (Simons, 1995).

2.4.1.4 Interactive Control Systems

Interactive control systems are defined as the “formal information systems managers use to involve themselves regularly and personally in the decision activities of subordinates” (Simons, 1995, p. 95). As such, they consist of two-way processes of communication between managers and their subordinates. Interactive controls are used to activate search based on the organizations’ identified strategic uncertainties by signaling organizational priorities. This aims to create focused attention and spark dialogue to challenge the status quo (ibid). In contrast to diagnostic systems, interactive controls require a significant amount of managerial attention (Bisbe & Otley, 2004). As such, they tend to be both time consuming and costly (Widener, 2007).

Interactive control systems are not unique in their format. Rather, multiple types of control systems can be used interactively and are done so through senior managers’ personal engagement. This can be done by, for instance, developing new programs and milestones; reviewing progress of action plans; or continuously following up on market intelligence reports. Information from these control systems can spark new project initiatives or trigger participants to review the current strategy and long-term plans. As such, control systems chosen to be used interactively by a manager focuses the attention of the organization to the area (Simons, 1995).

Simons (1995) lists four defining categories for all interactive control systems. First, information generated by the system is an important agenda continuously addressed by senior management. Second, the control system requires frequent attention from managers throughout the organization. Third, data generated by the system are discussed in face-to-face meetings between superiors and subordinates. Four, the interactive control system is a catalyst for debate, new assumptions and action plans.

Lastly, interactive control systems can support bottom-up emergence of strategy, when individuals try to seize opportunities by experimenting with new tactics to tackle problems. Successful experiments are expanded and repeated, with the potential result of having long-term impact on the strategy given the learnings. By focusing on strategic uncertainties, interactive control systems can guide this process to target strategic innovation in key areas (Simons, 1995).

2.4.2 Informal Controls

The other type of control discussed by Anthony et al. (1989) are *informal controls*. Informal controls are based on the informal processes that support an organizational environment through shared values, culture, management style, traditions and beliefs that guide organizational behavior (Ouchi, 1979; White, 1988; Anthony et al., 1989; Falkenberg & Herremans, 1995). These types of controls are not deliberately or consciously designed. Moreover, their sphere of influence stems from their potential control of organizational behavior in equivocal situations (Langfield-Smith, 1997). Ouchi (1979) argues that the reason behind this logic is the idea that organizations’ can never design a set of specific rules that

encompass all potential contingencies. Thus, formal systems may become limited in guidance (ibid.).

Whereas formal controls are explicit and verifiable measures (Langfield-Smith, 1997), informal controls are seen as less tangible and rooted unconsciously in the organization's culture (Anthony et al., 1989). Hence, these mechanisms are less prone to be purposely designed to steer members attention towards organizational objectives (Langfield-Smith, 1997).

Langfield-Smith (1997) has examined the interaction between formal and informal controls. By large, the author argues that informal control mechanisms act to support the formal control systems. An example of how the two systems are congruent is when values and norms develop. This can positively impact behavior that is aligned with formal goals and/or organizational objectives. Vice versa, behavior that is not aligned with formally stated objectives can be spurred when informal and formal controls are not in sync, as an effect of outside or internal pressures, impacting informal controls (ibid). On this topic, Bedford, Malmi, and Sandelin (2016) argue that informal and formal controls have to work in tandem in order to accomplish goal attainment, as the efficiency of measurements and other pure formal controls are impacted by informal controls.

2.4.3 Summary of Formal & Informal Controls

Chapter 2.4 has highlighted the research and theory behind formal and informal controls. Subsequently, Table 2 presents a summary of each discussed system, providing a definition and explanation of each systems' objective.

Dimension	Definition	Aim of Control
Formal Belief Systems	Explicit and formal sets of organizational statements managers use to communicate values; goals and organizational direction	Transfer information about the organizations values and how employees are expected to manage internal and external relationships
Formal Boundary Systems	Explicit sets of organizational definitions, usually stated negatively or as "minimal standards".	Demarcate the unacceptable domain for opportunity-seeking activities
Formal Diagnostic Control Systems	Formal practices that monitor output and guide corrective action	Measure output variables that represent important variables for an intended strategy
Formal Interactive Control Systems	Formal systems managers use to involve themselves regularly in decision activities of subordinates	Focus attention and force dialog throughout the organization
Informal Control Systems	Informal processes that support an organizational environment through shared values, traditions, beliefs that guide organizational behavior	Supports formal control systems in guiding organizational behavior

Table 2 - Summary of Theoretical Concepts

2.5 Research Gap

As research surrounding purpose moves from a nascent stage to becoming ever more mature, the increased interest in the subject is currently not matched by relevant theoretical knowledge in regards to how practitioners manage and control purpose. Although scholars have directed thorough attention towards purpose intentions, development, implementation and outcome, current research does not outline how practitioners enact purpose into processes, activities and daily operations, nor what dictates the choices of processes to control purpose fulfillment (George et al., 2021).

While there is no research investigating the use of MCS in connection to purpose-strategy, scholars have examined the role of MCS in adjacent research areas such as CSR-strategy (Durden, 2008; Norris & O'Dwyer, 2004; Stacey, 2010; Laguir et al, 2019). Laguir et al. (2019) chose to investigate how CSR-activities are implemented and managed through MCS, by using the LOC as a theoretical framework combined with theory about informal control processes for their empirical analysis. Through their multiple-case study, the authors found that MCS acts to communicate the values attached to CSR, manage related risks, evaluate CSR-activities, and also identify opportunities and threats. Other empirical studies on the topic of formal and informal controls for the management and control of CSR-activities have mainly built upon single-case studies (Norris & O'Dwyer, 2004; Durden, 2008; Lueg & Radlach, 2016). Thus, previous research about MCS in relation to CSR-strategy confirms the

relevancy of using MCS as a theoretical lens to understand how companies control for nascent strategy fulfillment.

Therefore, it can be useful to apply conceptual frameworks like MCS to facilitate the understanding of the process in regards to purpose governance and control. Investigating how companies utilize MCS to control purpose fulfillment and what dictates these choices on a cross-company level offers an opportunity to fill a critical research gap, as depicted in Figure 2.

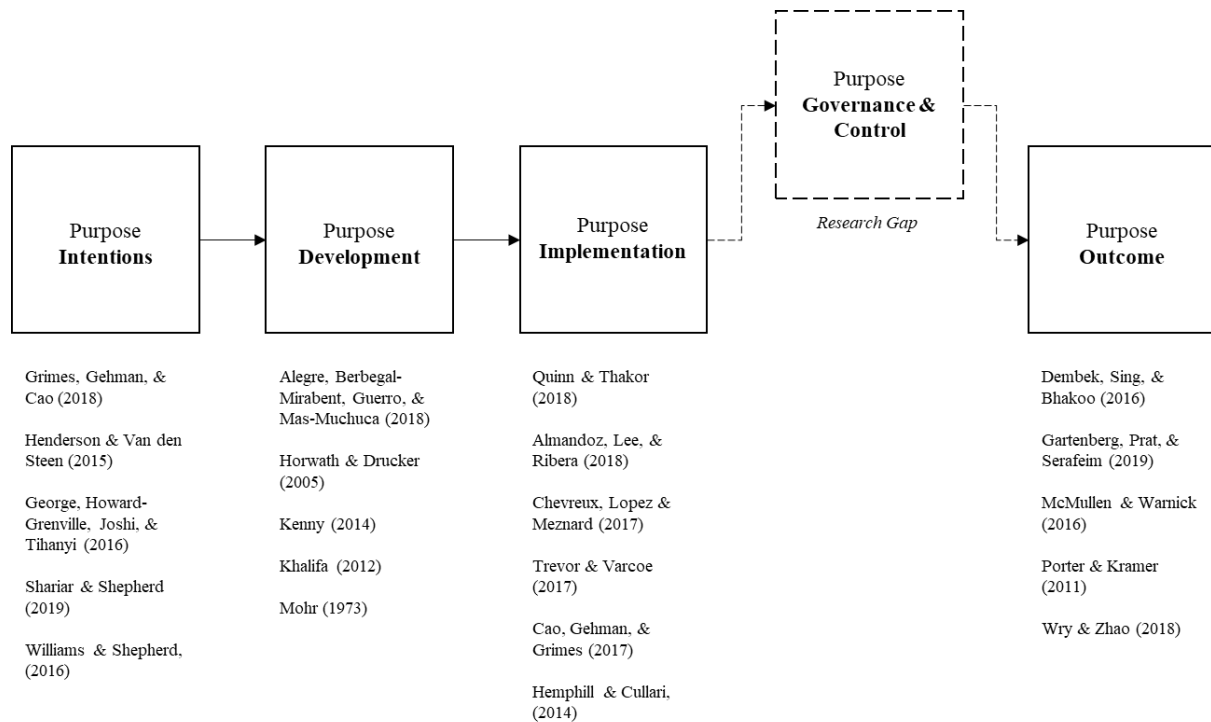


Figure 2: Visual Representation of Research Gap

2.6 Analytical Framework

The analytical framework visualized in Figure 3 will be used to guide data collection and analysis throughout our study to address the aforementioned research gap. By applying the analytical framework, we seek to understand how both formal and informal control systems are used to control fulfillment of a set organizational purpose. The following segment summarizes the design of the analytical framework.

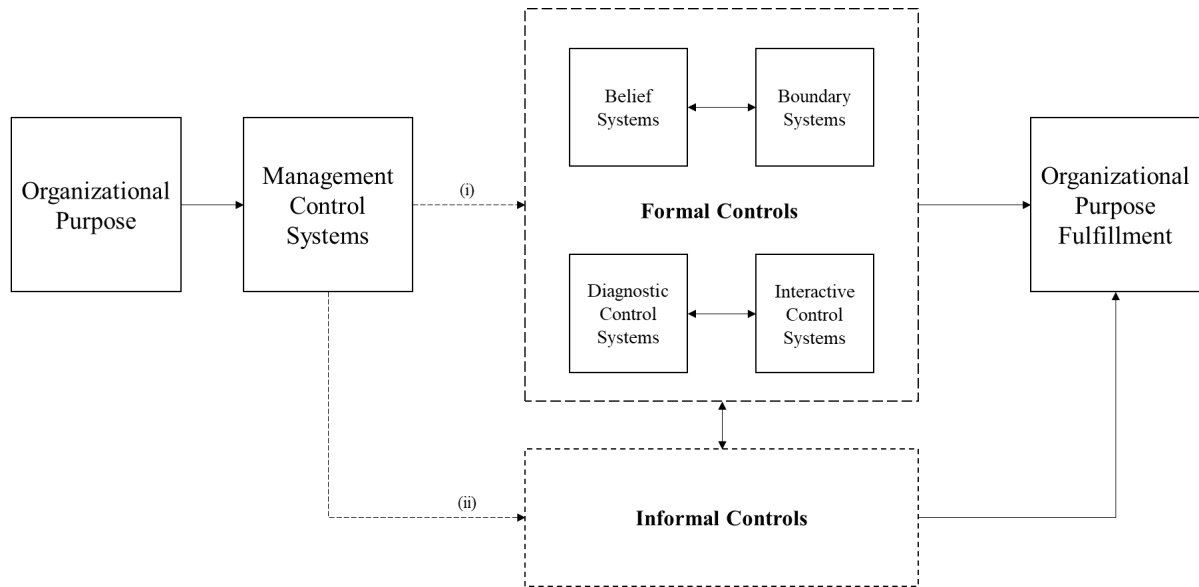


Figure 3: Application of Analytical Framework in Research Context

Given formal control systems' function to influence organizational behavior and align it with firm strategy (Simons, 1995; Langfield-Smith, 1997; Anthony & Govindarajan, 2007), formal control systems become critical to study in regards to purpose governance as depicted in Figure 3 (i). Within this category, the LOC framework by Simons (1995) provides an appropriate theoretical lens to categorize and analyze different types of formal controls.

Moreover, studies show that informal controls may support the control of organizational behavior and align it with strategic objectives (Ouchi, 1979; White, 1988; Anthony et al., 1989; Falkenberg & Herremans, 1995). Furthermore, researchers have deduced that informal control mechanisms affect the efficiency of formal control systems (Langfield-Smith, 1997). Hence, informal controls should not be neglected as they may contribute with important explanations of the processes behind controlling attainment of corporate purpose, as shown in Figure 3 (ii).

Given the broad range of processes and activities available, the study furthermore aims to investigate why companies may vary in their selection controls methods. The theoretical lens of formal and informal MCS allows to highlight possible differences and can help explain why potential variations occur.

3 Methodology

This chapter describes our methodological approach and the justifications behind the choices made in regards to the purpose of this study and its research questions. We begin by presenting the methodological fit (3.1), before discussing our research approach (3.2). Thereafter, data collection (3.3) and data processing (3.4) are covered. The chapter ends with an assessment of the study's methodological quality (3.5).

3.1 Methodological Fit

Due to the limited amount of research within the topic of purpose governance and control, this study has adopted an exploratory approach with the intent to develop new findings and spur further research. Exploratory research with the nature of a 'how'-question, typically calls for a qualitative approach, rather than a quantitative one (Silverman, 2010). Additionally, areas of limited research may meet challenges in the collection of enough applicable data to use a quantitative approach (Eisenhardt, 1989). Therefore, given that purpose control is a relatively unexplored research area, our primary intention is not to test existing theory (Bendassolli, 2013). Instead, we aim to develop an increased understanding behind the dynamics, methods and systems behind how companies act to control their purpose-strategy, as well as investigate what factors, by-large, explain potential cross-company differences.

The case study approach has previously been adopted in topics related to controlling a purpose, such as in the use of MCS in relation to CSR-strategy (Durden, 2008; Norris & O'Dwyer, 2004; Stacey, 2010; Laguir et al., 2019). Other prominent researchers in the field of Management Control, such as Otley and Berry (1994), have also argued for a case study approach in exploratory studies. In addition, Cassell and Symon (2004) assert that case studies are appropriate for studies that call for a deep understanding of a specific organizational process, because of their strength to provide rich data.

However, qualitative studies and the case study approach have implicit defects, such as subjective interpretations when selecting cases or a limited sample size which decreases the likelihood of generalizable results (Yin, 2003; Dubois & Gadde, 2002; Yi, Ngay, & Moon, 2011). One countermeasure for these insufficiencies was to use multiple cases, instead of a single case. This enables the possibility for higher explanatory power, generalizability, and offers the possibility to uncover a wider range of different ways to control a purpose (Lee & Tan, 2011; Yin, 2003).

However, it should be noted that the goal of qualitative studies, hence this study included, is not generalize to populations, but generalize to theory. Following this objective, our intention is to assess this study's generalizability based on the quality of our theoretical inferences from the empirical data (Bryman & Bell, 2015).

3.2 Research Approach

Given the aim of the study, our research process involves an iterative process of going back-and-forth between the analytical framework, empirical evidence, and analysis. Dubois and Gadde (2002) argue for a process of *systematic combining*, grounded in an *abductive logic*, in studies that involve in-depth case studies. The process of systematic combining involves a nonlinear process of matching analytical framework, empirical fieldwork and case analysis to develop together (ibid). Abductive studies are appropriate where the intention is to discover and develop new concepts (Merriam, 1998; Flick, 2014). Thus, we argue that an analogous process of systematic combining with basis in an abductive approach is suitable for examining different ways of controlling a company's purpose and attempting to explain cross-company differences.

Our initial process involved developing a relevant analytical framework, with basis in existing research about MCS, and purpose governance and control. Given the lack of research within the topic of purpose-strategy in business-serving companies, it was imperative that we had a range of companies from multiple industries. Following this, we reached out and selected relevant case companies from multiple industries that have adopted purpose-strategies. Initially, we started interviewing four case companies: 2 within Professional Services (hereafter referred to as service-selling), 1 within Software-as-a-Service, (hereafter referred to as digital product-selling); 1 within Fast-moving Consumer Goods (FMCG) (hereafter referred to as product-selling). After having selected the initial case companies, an interview guide following a semi-structured approach was constructed to examine how the case companies manage and control their purpose. Employees from various levels in the company were interviewed to allow for a holistic perspective. When deemed relevant, follow-up interviews were done to clarify certain statements or facts. At this initial phase, the study solely aimed to investigate the research gap regarding how companies act to control their purpose-strategy. The topic within potential variations between companies was added at a later stage of the process, when new insights had emerged. This sparked new assumptions, deemed rewarding to further explore. Following the emerging theme of potential variations between companies, and staying juxtaposed to our abductive approach, we added one company within FMCG in order to maximize comparability. This process is further described in 3.3.1 Interview Sample.

As the emerging theme was deemed to be related to the type of offering, we chose to distinguish between offerings and thus type of company. This was done using the following categorizations:

1. **Product-selling companies** - The company sells physical and tangible products to serve a customer's wants or needs, based on the output of raw materials.
2. **Service-selling companies** - The company sells heterogenous and intangible services to serve a customer's wants or needs, based on the output and interaction of one or more individuals.

3. **Digital-selling companies** - The company sells a software-enabled service or product to serve a customer's wants or needs, based on the delivery and experience through technology.

When the complete data set was collected, the analytical framework was used to analyze the empirical evidence. This allowed for interpreting and categorizing the process and methods companies used to control their purpose-strategies. We were also able to apply the analytical framework to explain potential cross-company differences. A summary of the research process is visualized in Figure 4:

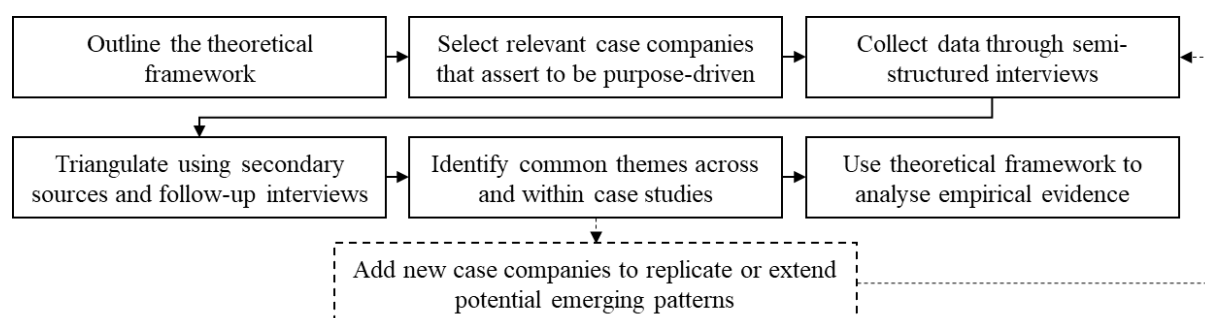


Figure 4 - Summary of the Abductive Research Process

3.3 Data Collection

3.3.1 Interview Sample

The data sample included 23 interviews with employees from five purpose-driven companies. The interviews varied between 30-60 minutes (average time length of 45 minutes), depending on the interviewee's role in the chosen organization and the time they had available (see Appendix A). The previous literature within purpose topics, such as purpose development, implementation, and governance have argued for a wide interview sample with respondents from various levels in the organization (George et al., 2021). Therefore, the interviewees chosen for this study represented a diversified sample from the case companies, including top-management and directors to middle managers and junior employees. In order to get in contact with relevant respondents we employed snowball sampling, where interviewed respondents assisted in the process of finding future respondents (Bryman & Bell, 2011). The full list of all interviewees and their role can be found in Appendix A.

The selection of case companies was done through purposive sampling, to ensure case samples were relevant to the research questions (Bryman & Bell, 2015). Moreover, theoretical sampling was used to replicate or extend potential emerging patterns (Eisenhardt, 1989). Consequently, case companies that asserted to be purpose-driven and had adopted a purpose-driven strategy were selected. Secondary sources, such as public reports, were used to confirm these claims. Stemming from the aforementioned lack of research regarding business-serving companies within the topic of purpose-strategy, we contacted a broad range of companies, serving both businesses and consumers. To increase comparability and to

mitigate any cultural or regional differences which could potentially affect the use of MCS, we chose to only interview managers and employees with employment in Sweden.

Applying the aforementioned criteria, we started interviewing managers and employees from four different companies. After having conducted initial interviews, we noted a pattern in how the service-selling and product-selling companies differed in their use and design of MCS. This was assumed as a potential variable of high explanatory value, and thus sparked an interest to investigate further. Leaning back on the theoretical sampling, we hence chose to add a second FMCG company to maximize the differences and increase comparability between the studied service- and product-selling companies. Given this emerging pattern, we furthermore broadened our initial research scope, choosing to also investigate explanatory factors to potential differences in the use of MCS.

3.3.2 Interview Design

For the purpose of this study, we conducted semi-structured interviews, which are frequently used in qualitative studies (Merriam, 1998). This type of approach typically features a specific list of questions and topics covered, but allows for flexibility in follow-up and specifications that are picked up during the interview (Bryman & Bell, 2011). Furthermore, by applying the concept of systematic combining, we have also brought inspiration from Rubin and Rubin (2005) responsive interviewing model. The objective behind this model is that the “analysis is an ongoing part of the research process, not just something that happens at the end” (Rubin & Rubin, p. 37). The other goal with this interview approach is to build trust between the two parties by aiming to create a conversational atmosphere. Additionally, the responsive interviewing model is applicable for studies that aim to generate deep understanding, rather than breadth, which is in line with our exploratory research approach (ibid).

Stemming from the research questions and concepts from the theoretical foundations, an interview guide was developed. This guide has been modified and adapted throughout the data collection process, as we continuously evaluated the relevance and functionality of the questions. This enabled us to stay close with our research approach and improve fit with each organization and interviewee (Rubin & Rubin, 2005). Furthermore, we strived to do as much research and background about the interviewees and case companies prior to the interviews. We used sources such as LinkedIn, company reports, press releases, and when possible asked for written details about their purpose ahead of the interviews. When deemed necessary, follow-up interviews were conducted to generate deeper understanding or to confirm specifics. An overview of the interview guide is provided in Appendix B.

3.3.3 Ethical Considerations

We have considered ethical implications to ensure authenticity and dependability of the study (Bryman & Bell, 2015). All respondents have been asked for their consent to take part of this study and to be recorded, solely for transcription purposes. The names of both participating companies, their employees and affiliated models, initiatives and projects have been

anonymized. Following procedures of GDPR, all transcriptions and any recordings were locally saved. All collected personal data, such as transcriptions including name and organization, was permanently erased after the project was finalized. The aim of the anonymity procedures was to maximize the likelihood for respondents to share opinions and activities openly (ibid). Throughout the study, when referencing publications such as annual reports, no source will be referenced due to the inevitability of exposing the participating company's name.

3.4 Data Processing

The initial data processing was conducted through an overlap between data collection and the theoretical analysis. This not only helped to speed up the initial empirical analysis, but also gave room for eventual adjustments and adaptations to the method of data collection, such as our interview guide (Eisenhardt, 1989). Hence, a process of joint collection, coding of emerging themes and analysis of data was deployed (Glaser & Strauss, 1967). An important effort to ensure the success of this collective process was to regularly note down so-called *field notes*. Field notes are ongoing comments about what is going on in the research project, specifically in regards to data collection and empirical analysis (Van Maanen, 2011). This means that we noted down impressions from every interview and posed questions to ourselves, such as “How does this case relate to the other cases?”, “What did we learn?”, et cetera, to ensure a thorough data processing (Eisenhardt, 1989).

For the purpose of this research project, it was essential to gain a holistic understanding of how companies act to control fulfillment of purpose and explanations behind potential cross-company variations. Following this, our iterative and overlapping process between data collection and data analysis led to the emergence of different themes (Eisenhardt, 1989). These themes outline how purpose is put into practice in each respective organization, how it is being managed, as well as how these works are different and similar to the other case studies. Consequently, as themes emerged through our primary source data collection, in the form of semi-structured, we made sure to triangulate these findings with other empirical data such as annual reports, sustainability reports, or other strategic documents related to their purpose and operations.

Finally, these different themes were analyzed and put against our analytical framework to allow for theory development.

3.5 Quality of Study

Measuring the quality of qualitative studies remains a debated subject amongst researchers (Bryman & Bell, 2015). Some argue for a modified application of typical quantitative quality criteria, such as incorporating reliability and validity (LeCompte & Goetz, 1982; Kirk & Miller, 1986). Other researchers argue for quality measures not solely evaluated on the basis of quantitative research, as they are deemed inappropriate for qualitative studies (Bryman & Bell, 2015). Stemming from this standpoint, Guba and Lincoln (1994) argue for the criteria of *trustworthiness*, broken down into four different aspects to judge the quality of a qualitative

study. Nonetheless, these aspects are somewhat analogous to traditional criteria in quantitative research (Bryman & Bell, 2015). The criteria of trustworthiness is based on the aspects of *credibility*, *transferability*, *dependability*, and *confirmability*. These are discussed separately below.

3.5.1 Credibility

Credibility looks at how believable the findings are, sharing similarities to the quantitative quality criteria of internal validity (Bryman & Bell, 2015). Furthermore, credibility has been argued to be an important criterion, especially for qualitative studies following an abductive logic (Eisenhardt, 1989). Establishing credibility entails both ensuring that the study is conducted by the means of good practice, and confirming with the participating members of the study that the researchers have correctly understood their social world. For the purposes of this research, we strive to maintain credibility by focusing on complementing, rather than building, theory about governance and control of organizational purpose. To establish this, we have deployed matching techniques like systematic combining and quality-ensuring principles, such as respondent validation and triangulation (Bryman & Bell, 2015).

Using the principles of respondent validation, we have endeavored to confirm with interviewees that we have understood their social world by providing the interviewed people with a copy of our findings, to validate for accuracy with their own experiences. This allowed participants to elaborate, if necessary, on other insights, giving a broader understanding of the subjects (Bryman & Bell, 2011). Moreover, we have aimed to triangulate our findings, by using several sources of data to confirm our findings. This method has been used to cross-check our findings, hence increasing credibility (Bryman & Bell, 2015). The combination of returning cases together with triangulation also increases construct validity, another quality indicator in case studies of qualitative nature (Yin, 2003).

3.5.2 Transferability

Transferability is analogous to generalizability (or external validity in quantitative studies). Transferability is established by making the study's findings applicable to other contexts (Bryman & Bell, 2015; Guba & Lincoln, 1994). The inherent nature of qualitative study and the contextual uniqueness of the case-study approach make transferability and generalizability challenging tasks (Bryman & Bell, 2015). One critical process to facilitate transferability has been to produce 'thick descriptions' (Guba & Lincoln, 1994). This entails rich information about the research process, case study selection, interview guide, and description about company's control processes, to allow the reader to judge the possibility of transferring the findings to their own context (Bryman & Bell, 2015). In addition to this, the application of cross-case analysis in combination with within-case analysis is argued to improve external validity, thus ought to improve the generalizability of this study (Riege, 2003; Yin, 2003). Even though the aim of this qualitative study is not to generalize to populations, all of these actions combined helps to improve the transferability.

Nonetheless, we argue that the findings of this study are mainly applicable for (1) how physical product-selling, digital product-selling, and service-selling companies act to control fulfillment of organizational purpose; and (2) to explain potential differences in how these types of companies act to control their purpose, with operations in Sweden.

3.5.3 Dependability

Dependability, similar to reliability, indicates that a study's findings ought to remain valid at other times (Bryman & Bell, 2015). Typical quality-ensuring measures to establish dependability include the use of external auditor (Guba & Lincoln, 1994) and conducting a longitudinal study, revisiting respondents to examine the development over time (Wallendorf & Belk, 1989). However, the rapidly changing business environment for the studied case companies, and limited time and resources available, made the establishment of dependability challenging. To address this challenge, we followed Shenton's (2004) suggestion to document the research design and process in detail, which allows future readers and researchers to evaluate if proper research has been conducted. Lastly, this study's ethical considerations have also helped to increase dependability.

3.5.4 Confirmability

Confirmability, akin to objectivity, examines the study's neutrality and whether the study's findings may be confirmed by other researchers (Guba & Lincoln, 1994; Bryman & Bell, 2015). Quality-ensuring processes such as triangulation have been critical to ensure objectivity. Furthermore, the structured interview guide of semi-structured questions, rather than having open-ended questions, also mitigated the risk of subjectivity and influencing the respondents (Yin, 2003). Although anonymizing participating companies and employees may compromise confirmability, it was deemed necessary for the reasons mentioned in 3.3.3.

4 Empirics

This chapter outlines the study's empirical findings. Three general themes were discovered during the interviews, which dictates the structure of the chapter. Firstly, activities linked to indoctrination of purpose are presented (4.1). Secondly, we highlight different processes used to interpret purposes (4.2). Thirdly, the different methods and activities used to track performance, manage conflicts, and incentivize purpose-aligned behavior are presented (4.3). All names of interviewees as well as the companies and affiliated initiatives are anonymized.

4.1 Indoctrination of Purpose

The companies communicated their purpose continuously to their employees, at various stages of their employment. During the interviews, it was noted that several companies utilized the recruitment stage as means to ensure alignment of purpose. This was further reinforced during onboarding and through training programs. Moreover, the purpose was communicated both internally and externally using numerous channels and activities.

4.1.1 Recruitment

A common theme seen in all case companies was the incorporation of purpose in recruitment.

Consulting Firm 2 mentioned the importance of recruiting people that are in line with their purpose, values, and beliefs. This view was also shared by Consulting Firm 1, who utilized a *Company Fit-Framework* in their interview process to evaluate how well candidates are aligned with the organizational purpose, values, and culture. The company pointed out that this was an important tool for sorting out and selecting candidates.

“It is extremely important and it is very high on the agenda. It is mentioned explicitly as a big focus when we have recruitment education for us that work with recruitment, and it is in our interview guides.”

-Senior Consultant, Consulting Firm 1

Likewise, FMCG Company 1 shared a strong focus on purpose in their recruitment process, wherein the CEO aimed to recruit people who “live their values and want to make a difference”. Although not utilizing an interview framework like Consulting Firm 1, the HR-Director in FMCG Company 1 emphasized that “recruiting the right people, with values aligned to us” was a key factor behind being a purpose-driven company.

Sharing the above-mentioned perspectives of utilizing recruitment as means to ensure purpose alignment amongst candidates, SaaS Company 1 moreover saw recruitment as a prerequisite to reduce the risk of undesired behavior or culture clashes. The process was used not only to ensure operational capabilities and personal fit, but also to ensure that future employees would behave in line with the organizational purpose.

“Signing the Purpose and Values Foundation and sharing it /.../ that is sort of a prerequisite in my view. You can be extremely motivated and capable, but if you do not share the values we will get the wrong behavior and if we get in the wrong behavior it will lead to unnecessary risk in one of the most critical assets we have - our culture”.

-CEO Sweden, SaaS Company 1

Lastly, FMCG Company 2 had a different perspective than the other four companies. Respondents from interviews denoted the value of aligning recruits with the company’s purpose, but viewed it as a strengthening quality rather than a prerequisite or must-have.

4.1.2 Onboarding & Training

Typically, new recruits no matter their level in the organization, were introduced and taught to relate to a company’s purpose through various types of onboarding- and training programs. Consulting Firm 1 stated that they send new graduates from all offices to a training camp at an unknown remote destination, where they learn how to “live” the organizational purpose in their day-to-day work. Furthermore, the company mentioned that they host an annual *Strategy Tour*, where all employees discuss how to relate and act in line with the purpose and values. Similarly, new recruits at Consulting Firm 2 had both physical and online onboarding activities about the organizational purpose. A key activity during onboarding was the introduction to the company’s *Transformative Leadership Model* (further elaborated in Chapter 5.3.2). Linked to the model, new recruits formed their own purpose, called *My Purpose*, which they discussed and followed-up with a mentor, referred to as *Counselor*.

At FMCG Company 2, all employees underwent mandatory training during onboarding using an online platform. This training contained a multitude of modules, of which several were educating around the organizational purpose. A similar method was used at SaaS Company 1, who had online exercises called *Purpose, Culture, and Benefits* to help new recruits learn about the organizational purpose and how to incorporate purpose into their tasks.

Similarly, FMCG Company 1 had incorporated their purpose in their physical and virtual learning and development platform named *Academy*. This platform was open to everyone at the company and was used during onboarding and for continuous training. All employees had to undergo an introductory course that exclusively focused on purpose and values. Managers moreover had to take continuation courses to learn about the company’s *Leadership Model*, where they discussed topics such as purpose-driven leadership, skills needed as a manager, as well as sought beliefs and behaviors. The Academy was argued by respondents to be an important tool to communicate the company’s strategy, and educates employees and managers around the company’s purpose, values and expected behaviors.

Our purpose and values are always in the back of our mind when we develop new training. /.../ For our Agenda 2025, purpose is an important guiding star to guide us towards one of our goals of becoming a learning organization through the use of our Academy.”

-Head of Academy, FMCG Company 1

In addition to mandatory exercises, SaaS Company 1 utilized an open and free-to-use platform called *Oaktree*. The platform was originally designed to educate employees and customers about the company's products. However, the current Oaktree extends beyond this, allowing employees and external users to learn about the company's purpose, values, its *1 %-Model* (discussed further in 4.2.3), among many other topics. Each finished course awards the user with a score and unique titles connected to different milestones. Having over 3 million users, the platform was stated to have become a big success both internally amongst employees and externally amongst consumers. Interviewees described that Oaktree has formed an internal culture amongst employees, where high scores or certain titles are being used as status symbols.

“You collect points for every training program you finish. We have different levels that you can reach. ‘Ranger’ is the highest level. Then you can order company merchandise and you get an exclusive community website with other Rangers. Having this merch at the office is wanted and popular.”

-Business Development Trainee, SaaS Company 1

4.1.3 Internal & External Communication

Apart from onboarding and continuous training, the case companies communicated their purpose and actions related to the purpose using various channels both internally and externally.

Starting with internal communication, all interviewed companies stated that they frequently receive emails from management and/or global teams on subjects related to purpose. SaaS Company 1 also used an internal communication software called *Slack*, where the purpose and the company's five values were frequently emphasized:

“Every five posts refers to our values. It could be like ‘we have made these choices to further drive Customer Success’. /.../ The posts are connecting our initiatives to our purpose and our values.”

-Business Development Representative, SaaS Company 1

Senior management at FMCG Company 2 moreover discussed the organizational purpose in pre-recorded Town Hall meetings. Similarly, respondents in FMCG Company 1 said that the company hosts so-called *Company Talks* five-to-six times a year, where they explicitly highlight employee initiatives aligned with the purpose. Employees that have launched a new program or initiative are not only highlighted by senior managers, but also encouraged to lead the entire Company Talk. The CEO noted how these talks help to create engagement through visible encouragement. The company also emphasized the importance of senior managements' involvement in discussing the purpose internally, in order to create credibility amongst participants:

“If the CEO is not out there, speaks about it and makes it so tangible then the purpose will lose credibility. They will see it as this fancy statement on a wall. It is fundamental that the CEO believes in it, in order for us to believe in it.”

-Head of HR, FMCG Company 1

Moving to Consulting Firm 1, purpose, culture and values were stated to be commonly discussed in internal meetings. The organization mentioned a function named *The Ministry of Culture*, responsible for sharing the company’s purpose, values, and culture to all employees. It was claimed that an important part of their work is to host *Friday Meetings*, where the CEO commonly speaks about purpose and how one should adhere to it. Respondents also highlighted how messages surrounding the organizational purpose are spread out physically on the company’s facilities, such as on signs, names of meeting rooms, as well as in the digital space, using for instance wifi-passwords.

“The CEO often talks passionately about purpose and values, especially how one can fulfill this. /.../ From my six year experience at the company, the younger consultants tend to get more inspired by these talks /.../ Nonetheless, every person at the company takes these things seriously - it is a matter of how influenced you get by these talks”.

- Senior Consultant (and Member of Ministry of Culture)
Consulting Firm 1

Apart from internal messages, several of the interviewed companies communicated their purpose in external environments. Both SaaS Company 1 and FMCG Company 2 claimed that the purpose was the first thing they mention in client presentations, in order to show the connection between their purpose and projects or products. Similarly, Consulting Firm 2 stated to communicate their purpose in sales proposals when initiating contact with potential clients. Moreover, all publicly listed case companies included their purpose in external information communications, such as annual reports.

4.2 Interpreting the Purpose

In order for the organizational purposes to become impactful and pursued, the companies used different techniques to allow participants to take action and follow up fulfillment of purpose. Three different techniques emerged: (1) breaking down the purpose into organizational values upon which to act and operationalize; (2) using individual purposes to link individual engagement, effort and goals to the organizational purpose; and (3) connecting goals and commitments directly to the purpose statement.

4.2.1 Breaking Down Purpose Into Organizational Values

During the interviews, it was noted that two companies, namely SaaS Company 1 and Consulting Firm 1 chose to break down their organizational purpose using values. SaaS Company 1 said to believe in the logic of building a business focused on stakeholder management to achieve attainment of purpose. In order to do so, they tailored all of their

operations and activities towards their five core values. This was exemplified by one of their latest innovations called *Carbon Tracker*, a tool used to track carbon emissions and identify solutions to lower the climate impact towards net-zero. The tool was initially developed for internal use, but after recognizing how Carbon Tracker was well-aligned with the organizational purpose it was commercialized. Furthermore, it was stated that the company's investment subsidiary has a formally stated policy of only investing in companies or projects that either share the values and purpose, or have formalized a plan to follow these in the foreseeable future. Another example was how the company had acted upon its values of *Customer Success* and *Innovation* by taking in feedback from the community of Oaktree. The company claimed that the aim is that one of three major innovations on an annual basis should be sourced from the community's opinion and demand.

“Since we founded the company in the late 90s, we have operated with a clear value foundation /.../ To operationalize the values into everything we do makes it incredibly powerful. It's not just those papers on a webpage. We are truly living our values in all parts.”

-CEO Sweden, SaaS Company 1

Moving to Consulting Firm 1, the purpose was broken down into various organizational values and statements. These words and sentences were interpreted and given meaning through continuous dialogue between participants. One of the Partners emphasized that the meaning of these words were dynamic and were able to be re-interpreted to guide strategic direction tailored to each stakeholder. The key was to make the purpose tangible in order to guide action. Respondents also asserted that the Ministry of Culture served as an important forum to facilitate these discussions in the organization as a whole.

“[The purpose] has to be a clear picture of why you exist, and to whom you exist for. In combination with your purpose, your values should be directed and shaped to be aligned for different stakeholders. /.../ The words per se are not the most essential. It is all about how you put the words into practice. Values should be guiding behavior, how we ought to act with each other and to the environment and customers and beyond. ”

-Partner, Consulting Firm 1

The process of breaking down the purpose into different values to allow for attainment of purpose, is visualized in Figure 5:

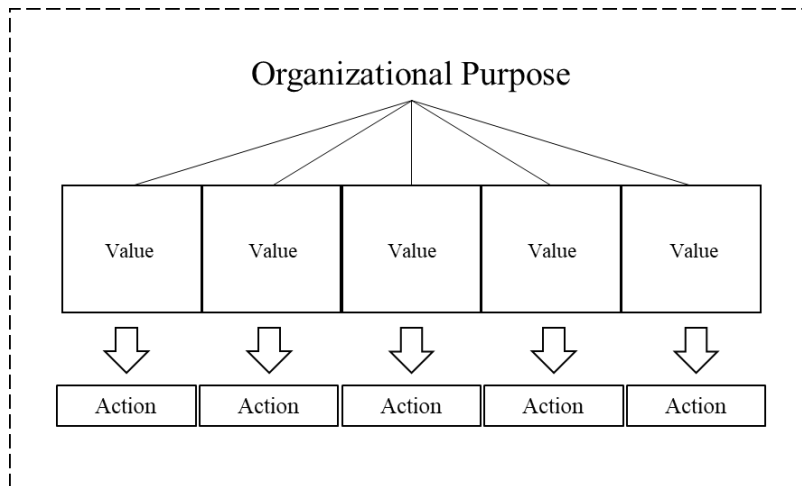


Figure 5: SaaS Company 1 & Consulting Firm 1s' Methods of Breaking Down the Purpose Into Organizational Values to Guide Action

4.2.2 Interpreting Organizational Purpose Using Individual Purpose

A different method, found among others in Consulting Firm 2, was to use the organizational purpose as a universal guideline. In order to create meaning and make the purpose tangible, the company broke down the purpose into three layers using the aforementioned Transformative Leadership Model. Having the organizational purpose as the overarching theme, two layers were added, named *Better Us* and *Better Me*. At the core of the model was *My Purpose*. This aimed to highlight how each individual effort has a spillover effect on the team's – and by extension the organization's – ability to fulfill their purpose. The various dimensions and layers of the Transformative Leadership Model are described in Figure 6:

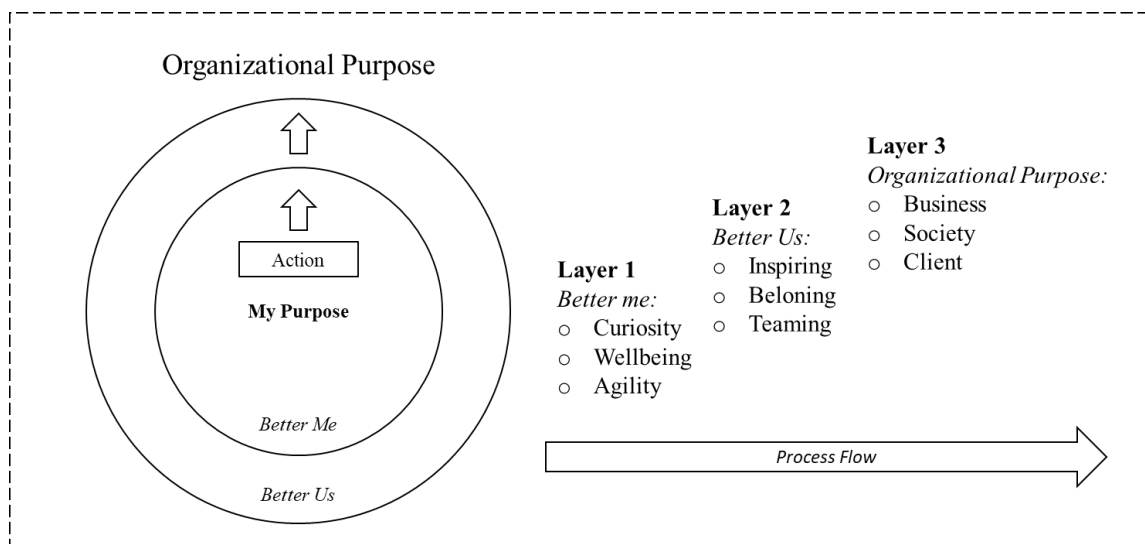


Figure 6: Transformative Leadership Model in Consulting Firm 2 (modified from Consulting Firm 2)

While their purpose was frequently communicated through visual and oral communication, participants claimed that *My Purpose* was emphasized to a larger degree in their daily work. Everyone at the company was assigned a counselor, helping participants to set up *My Purpose* and ensure it was connected to the organizational purpose. Individual goals were

then discussed and formalized. It was stated that participants on a quarterly basis have a thorough session with their counselor where the purpose and the connected goals are discussed, evaluated and developed. A key objective with this initiative is to help participants identify their areas of interest, allowing the company to match consultants with projects aligned with their individual purpose.

“Sometimes, a Project Manager may say no to removing a consultant from a project whereas as Counselor you come with another perspective, e.g. ‘this is not good for the counselee’”.

-Senior Manager, Consulting Firm 2

To become a counselor, a participant has to be at least a Manager or higher. Also, the principle stated that an employee should have had the role of Manager for at least one year before taking on the role as counselor. Support systems were in place to educate and guide counselors, such as training sessions with the talent department, online training programs, and support documents. However, respondents noted that the system did not always function flawlessly. In practice, the minimum requirements to become a counselor were sidestepped due to capacity limitations. Moreover, respondents raised concerns that if a counselor did not take their responsibility, or if there is a mis-match in the relationship, the potential fulfillment of the organizational purpose could be affected negatively.

“Either we need to become better at training them to become better counselors. Or, we should not try to fit everyone in the same bucket. Being a counselor is maybe not for everyone. /.../ We put a lot of responsibility on the counselor role. And I do not think we give enough support to them to make sure that they are comfortable in their role and know what is really expected from them.”

-Senior Manager, Consulting Firm 2

Somewhat similar to My Purpose, SaaS Company 1 employed a mandatory exercise called *The Goal-Setting Model*. The objective was to build an actionable bridge between the overarching purpose and aforementioned five values of the organization to the individual roles of all employees. This went from the top to the bottom of the organization and was published internally for all participants to view. Each part of the Goal-Setting Model was described as:

- **Vision** - What does the individual want to accomplish?
- **Values** - What values are important to the individual?
- **Methods** - What actions are necessary by the individual to achieve it?
- **Obstacles** - What challenges does the individual meet to achieve it?
- **Measurement** - How does the individual measure achievement?

Similar to Consulting Firm 2, this system required all employees to connect their individual work to the organization – from an employee's closest managers to the Global CEO. However, in contrast to My Purpose, the Goal Setting Model was more top-down driven.

Participants in lower levels of the organization had to take inspiration from the top-level when setting up their Goal-Setting Model in order to create cohesiveness (see Figure 7). Within the organization, the model was seen as not only a formal steering document, but something that impacted culture and ways-of-working.

“So what is the ‘Vision’ for myself as an individual? What’s the vision for the team? What’s the vision for our business area? What’s the vision for Sweden? All the way up to our group CEO. /.../. So everything and everyone is tied together to ensure that we fulfill this vision we have as a company.”

-CEO Sweden, SaaS Company 1

“They want it to mirror what the company wants. My manager’s Goal-Setting Model is inspired by his manager’s Goal-Setting Model, et cetera. It sort of trickles down. /.../ My manager wanted to be there and control it before I submitted it, to ensure that it was aligned.”

-Junior Associate, SaaS Company 1

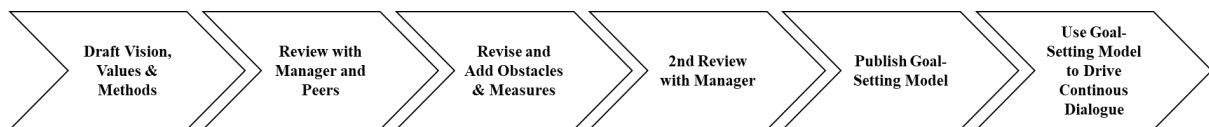


Figure 7: Process Map of Goal-Setting Model in SaaS Company 1

Akin to Consulting Firm 2, FMCG Company 2 assisted employees to set up an individual purpose. However, in contrast to Consulting Firm 2, the individual purpose was not linked to the organizational purpose, but rather designed around the individuals’ personal interests and motivation. For example, there was no demand that the individual purpose had to be connected to the business of the company. As such, it was argued to be solely used to stimulate employee motivation rather than to fulfill the organizational purpose.

4.2.3 Connecting Goals & Commitments Directly to Organizational Purpose

Compared to other case companies, the interviewees in the product-selling companies shared a clear view of the meaning of their respective purpose. For example, respondents at FMCG company 2 argued that the organizational purpose emphasized an environmental commitment.

“At the core of [FMCG Company 2]’s purpose is sustainability /.../ [FMCG Company 2] has really acknowledged that if we do not change, we will get disrupted. It is the sustainable way or no way, I would say.”

-Brand Manager, FMCG Company 2

By having a clear focus on sustainability in their purpose statements, interviewed participants found a logical connection between the purpose and the company’s long-term goals and strategies. The purpose was argued to be the long-term strategy and a foundation for all

operations. Stemming from this strategic direction, a broad range of goals, such as “doubling profits, while halving carbon emissions” had been created. Linked to these goals, operational programs had been initiated to reduce the use of plastics, prevent food waste and develop healthier products.

“You always put on the sustainability hat when looking after the problems we could solve, the consumer needs, the products we can launch..”

-Brand Manager, FMCG Company 2

Likewise, FMCG Company 1’s purpose was claimed by respondents to be a guiding north star for all operations.

“One of our visions since the beginning has been to deliver sustainable, affordable and good food. That is in our core. That is our purpose. If we succeed with this combination, we will make a positive impact on people and society. That’s our way to make a difference. Working towards this combination helps us to reinforce and strengthen our purpose.”

-Group CEO, FMCG Company 1

To facilitate action, the company had established four strategic targets attached to the organizational purpose, aimed to be achieved by 2030. One of these objectives was to “be the most powerful force for a sustainable food-Sweden”. Initiatives were connected to these strategic targets, one of which was the development of a product that aimed to use the remains of a nut to create a protein-dish, as a substitute to meat. FMCG Company 1 and 2s’ processes of breaking down their purposes into different goals, to facilitate action, is visualized in Figure 8.

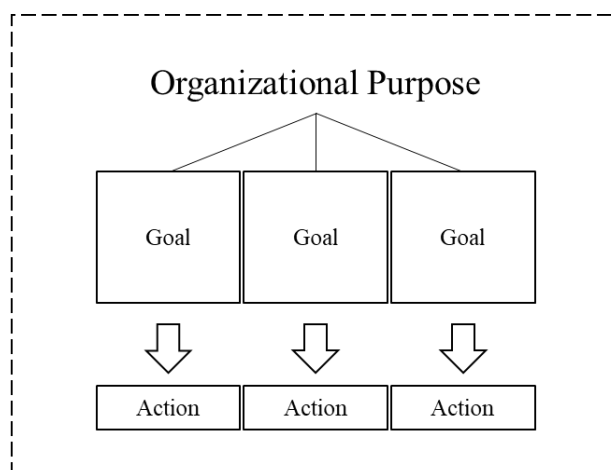


Figure 8: FMCG Company 1 & 2 Methods of Linking Goals to Organizational Purpose to Guide Action

Beyond SaaS Company 1’s operations connected to each value, respondents frequently acknowledged their philanthropic commitment named The 1 %-Model. In short, the company

has since its foundation donated 1 % of their employees time, 1 % of their products and 1 % of their profits to charity. By not being associated with the company's products or operations explicitly, the 1 %-Model was claimed not to be directly linked to any value, but rather to their overall purpose.

“At the beginning we had no profits, no product and no employees, but today with thousands of employees and a revenue of billions of dollars and large profits, we have the ability to give back substantial parts to society.”

-CEO Sweden, SaaS Company 1

4.3 Evaluating the Purpose

Each case company deployed different methods to evaluate performance and assess conflicts related to fulfillment of purpose. Sub-categories emerged as part of this theme, such as performance tracking, employee evaluation, conflict management, and incentive programs, to name a few.

4.3.1 Performance Tracking

The studied companies tracked performance in various ways to ensure that both individuals and the company as a whole acted in line with their purpose.

Both FMCG Company 1 and 2 used hard KPI:s and measurements connected to their purpose. FMCG Company 1 formalized measurements that assesses food waste, environmental impact, inclusivity, diversity, and other measures in order to evaluate their purpose and related strategic targets. Moreover, FMCG Company 2 had developed internal nutritional standards that they aimed to fulfill with the goal of developing healthier food products. This initiative was called *Top Nutritional Standards* (TNS), and specified recommended maximum levels of energy, sodium, sugars, and saturated fat in all food products. Tied to TNS, the company used specific targets and goals that were updated on a consistent basis. Furthermore, the criteria of the TNS itself was renewed when new knowledge around nutritional standards developed.

“We had a goal that 60 % of our products should be TNS-compliant by 2020. For 2022, that's 70 %. It keeps on evolving, together with our knowledge about food and nutrients and the technological aspect, how it is made.”

-Nutrition & Health Manager, Nordics, FMCG Company 2

The company had also launched an initiative called *Future of Food*, intending to reduce environmental impact and encourage people to eat a healthier and more diverse diet. Akin to this, the company had identified the need to reduce meat consumption as a key environmental issue, which they could impact. In connection to initiatives, goals were set up and tracked using KPI:s on a portfolio-level.

“50 % of our portfolio before 2025 should be plant-based. /.../ 95 % of our ingredients that are herbs and spices and vegetables should be sustainably sourced by 2025. Those are three very clear targets that we guide our work towards. /.../ We map out the percentage of our portfolio that is vegetarian, the percentage of our portfolio that is TNS compliant, and the percentage that has Future of Foods in them.”

-Brand Manager, FMCG Company 2

The daily operations in FMCG Company 2 were heavily influenced by these goals. All new innovations had to go through several stages in a process called the *Innovation Board*. All products had to pass gateways to ensure they complied with the latest TNS-standards and specific recycling criteria, amongst other factors such as sales and profit potential. Furthermore, existing products were changed to comply with updated goals through a process called *Renovation*. During this process, recipes were scrutinized and, if needed, re-developed in order to be compliant with new nutritional standards or sustainability goals.

“I had a renovation project where we went into the recipe and removed smoked pork fat and replaced it with smoked paprika powder.”

-Brand Manager, FMCG Company 2

In contrast to product-selling companies, Consulting Firm 1 described themselves as less “KPI-driven”. Yet, the company tracked two specific KPIs: billing and *Engagement Pulse*. The latter measurement asked nine questions that focused on topics such as personal development, motivation, client impact, and overall satisfaction. This metric was claimed by respondents to be linked to the organizational purpose, by highlighting key factors impacting the consultants’ abilities to achieve the organizational purpose. Whenever the score falls below an average of 4 (in a range of 1-5), managers would intervene and call for a one-on-one meeting to discuss the topic and potential changes.

In Consulting Firm 2, the company tracked employee performance linked to the Transformative Leadership Model through a software tool called *Success Factors*. All feedback input followed an evaluation framework called *Gold Standards*, which described the desirable level of performance for each dimension in the model and the values attached to each layer (see Figure 6 in 4.3.2). The aim of these descriptions was to indicate what the company expects from each employee. While this tool was used to analyze performance, respondents argued that the nature of the feedback creates challenges to track the extent to which they follow their purpose:

“At the same time, it is not entirely measurable. Someone cannot use it like a check-box and then say “Yay, I did it”. It is not black or white. We live in an ambiguous world. /.../ Some values come natural for some, while those same ones can be development areas for others.”

-Senior Manager, Consulting Firm 2

On a company-wide level, Consulting Firm 2 presented attainment of their purpose in an annual report broken down into the three segments of *People*, *Society* and *Clients*, with basis from the Transformative Leadership Model.

Continuing to SaaS Company 1, the company followed a somewhat similar structure, in which it evaluated both individual and company-wide fulfillment of purpose. Overall performance evaluation was based on both “hard” measures, such as KPIs linked to sales record, and “soft” measures, such as connected to personal engagement. The latter were evaluated based on employees abilities to meet ten personality traits that the company argued their employees should aspire to fulfill. These traits were claimed to have been designed with the organizational purpose in mind. Furthermore, the company used the Goal-Setting Model to evaluate individual and organizational performance based on the goal attainment linked to each dimension of the model. Evaluation and follow-up of the model was done quarterly between managers and their subordinates. Moreover, the evaluation was also stated to be commonly discussed in less formal formats, during one-on-one’s and weekly team meetings.

“I’m convinced that incorporating the Goal-Setting Model and ensuring it does not become a paper you write once per year and put in a desk box to pick up and read every now and then is key. It is something that has to be part of the daily rethorics, part of that cadence and rhythm you drive in the organization and that this is part of what we do and a part of what we are.”

-CEO Sweden, SaaS Company 1

4.3.2 Managing Conflicts & Opportunities Through Purpose

Interviewees also discussed different ways their respective companies used purpose as a source of evaluating situations, conflicts, and opportunities.

Consulting Firm 1 argued that they use their purpose as a source of guidance to handle conflicts of interest with both clients and their own employees. Moreover, it was mentioned that if someone at the company does not fulfill the values or purpose, a manager or mentor will follow-up and call for discussion.

“Our Managing Partner’s goal is to work with “Non-shitty-P-companies”. They can’t be douchebags, because that goes against our beliefs of who we should work with and who we are best fitted to create value for. You are accepted to say no. /.../ Thus, they have said no to projects due to them being unaligned with our purpose or our value foundation.”

-Senior Consultant, Consulting Firm 1

Furthermore, Consulting Firm 2 argued that their Codes of Conduct were related to the organizational purpose, and could serve as a foundation to accept or deny project proposals. However, given the company’s large focus on the individual’s purpose fulfillment, the respondents emphasized the challenges of dealing with internal conflicts, such as consultants

being staffed on projects unaligned with their individual purpose. During such conflicts, it was once again highlighted that the counselor served an important role:

“[When staffed on projects unaligned with individual purpose] it is vital to have a talk with your counselor about the long-term perspectives/plans. What is that we want to work towards in the long-run? /.../ Then we take this feedback upwards to our staffing unit where we talk about what projects we aim to have in the future /.../ I do think we are reaching a point where we need to become even better at prioritizing. Because the demand is so big.”

-Senior Manager, Consulting Firm 2

Shifting focus to SaaS Company 1, respondents brought to attention that their values helped them to prioritize between strategic initiatives. In addition, the purpose and underlying values were argued to serve as guiding foundations when evaluating current clients and/or new relationships. The company exemplified this by stating that a contract with an e-commerce company selling high-capacity ammunition used in non-sporting weapons was terminated, after having been given an ultimatum by SaaS Company 1. However, it was also highlighted how values can at times conflict each other, generating internal debate:

“For example, we have a new product within Blockchain that has not been launched yet. But this has generated internal discussions about the potential negative impact this may have on the environment. So there is a constant discussion, back-and-forth, how we balance our value of ‘Innovation’ and ‘Sustainability’. Right now, this has been put on hold. Employee opinions that emerge bottom-up are often well-considered by managers and directors.”

-Junior Associate, SaaS Company 1

FMCG Company 2 also used their organizational purpose as a method to evaluate new opportunities or potential conflicts. As mentioned, new products or renovations of older products had to be in line with certain standards connected to nutrients and sustainability. Nonetheless, it was mentioned that all promising business opportunities may not meet these standards. In such scenarios, senior managers were informed and had to give approval for an innovation to proceed. Moreover, the project team had to set up a plan for the innovation to meet the criteria in the future.

“The exceptions could be for example a big business opportunity, and also, if there is a future project that can approach this. For example “we are going to do the first launch with non-recyclable packaging, but next year it will be recyclable through renovation”. So that’s an example where you can get an exception.”

-Brand Manager Nordics, FMCG Company 2

Respondents highlighted that product renovations could impose considerable risk, as even small changes in popular recipes may backfire by negatively impacting sales. One

interviewee argued that the company at times went “too far”, failing to balance ambitious goals with actual consumer preferences.

Similar to FMCG Company 2, FMCG Company 1 emphasized the challenge of moving too fast in their ambition to realize long-term goals connected to the organizational purpose. It was exemplified that a sustainable innovation could in fact conflict with the purpose, if resulting in food waste.

“It’s about finding a balance. For example, let’s say we said ‘Let’s stop selling meat.’ It would be devastating to our business and for customers, but some here may think that we should take a stance and do it. Here it is key with communication. And it is key to find commercial balance. Doing this right will make [consumer] movements easier and more impactful.”

- Group CEO, FMCG Company 1

Connected to this challenge, FMCG Company 1 stated a need to stay composed when aiming to fulfill the company’s goal objectives attached to the organizational purpose, as operations had to consider actual consumer habits. Friction was claimed to be created when trying to balance goal aspirations and reality. Although respondents stated this to be difficult to manage, friction was also argued to have potential benefits by sparking debate amongst stakeholders.

“You will always have friction within an organization. If you do not have friction, then you will not have the possibility to make movements. /.../ For example, we have a lot of transportation that creates debate and conflict, such as should we use fossil-fuels or sustainable HVO-fuel fossil, but that uses palm oil. In this case, we actually stopped using HVO for a while, but our discussions spurred a change from the supplier who then stopped using palm oil. That is why friction is key.”

-Group CEO, FMCG Company 1

4.3.3 Incentive Programs Related to Purpose

The case companies used different methods to incentivize behavior in line with organizational purpose. Many of these were linked to the performance evaluations discussed in Chapter 5.3.1.

Consulting Firm 2 applied the Transformative Leadership Model to evaluate to what extent employees fulfill the organizational purpose and values attached to the model. Although the primary evaluation of employees was based on general project performance, it was claimed that the most critical part in the company’s evaluation of potential managerial promotion was attainment of purpose.

Similarly, SaaS Company 1 considered fulfillment of the earlier described ten personality traits as a prerequisite for managerial promotions. Although the previously mentioned 1

%-Model was said to be a major purpose-fulfilling component for the organization, individual performance linked to the 1 %-Model was not formally incentivized, but rather seen as a tool for self-fulfillment.

“The benefits of acting well-aligned with the values leads to salary increase, promotion, career plan. But then there are the other rewarding ones, more connected to your own fulfillment and your personal value. For example, through volunteer work through the 1 %-Model, you have the opportunity to fulfill the personal value of “giving back to society”.

-Senior Director, SaaS Company 1

Consulting Firm 1 operated differently. The most critical KPI for gaining incentives, such as promotion, were the amount of billable hours. However, it was stated that achieving an adequate billing record required internal engagement. The organization was claimed to operate as a networking organization, with no formal staffing unit. Hence, it is required by the consultants themselves to find potential projects, which is done through networking. A Senior Consultant explained that the active involvement in so-called *Clubs* enables consultants to meet new people within the organization, increasing the chances to find new projects. Employees were encouraged to be part of at least one club, not because managers demand them, but due to the argued positive network effects. Respondents stated that the active involvement in Clubs plays a key role for the organization, as it stimulates innovation and knowledge sharing. This was claimed to strengthen the organization's ability to create relevant services for their clients and also work towards their purpose.

“After I was part of a Marketing group in Denmark, I got a lot of project suggestions from Denmark. So at Consulting Firm 1, it is a lot about you working to become self-selling internally in the organization. In that sense you are encouraged to participate like this, as it helps you get better projects and so on. These groups have more than one function. They allow people to work with things they are passionate about, they create unity, but also because it is a great network function.”

-Senior Consultant, Consulting Firm 1

FMCG Company 1 had incorporated qualitative components in their incentive program for managers and directors that focus on fulfillment of purpose and values. However, none of the two FMCG Companies claimed to have any direct incentives for employees in lower hierarchical levels to follow the organizational or individual purpose. Nonetheless, respondents at FMCG Company 2 brought to attention the possibility of receiving indirect incentives if they manage to create a *Legacy Project*. This was described as a project that the Global Team considers to be important and well-aligned with the organizational purpose. These types of projects were stated to yield potential benefits, such as promotions and internal recognition within the organization.

5 Analysis

This chapter will apply the analytical framework to understand how companies utilize formal and informal MCS to control purpose fulfillment (5.1-5.5). An overview of all formal- and informal control activities used is furthermore presented (5.6). Cross-company variations are highlighted and discussed throughout the analysis.

5.1 Belief Systems

Our findings suggest that companies control fulfillment of purpose using formal belief systems. Internally, the companies deploy belief systems by the use of purpose statements, recruitment policies, onboarding, continuous training programs, internal meetings, and interpretation intermediators. By communicating their organizational purpose and related activities continuously using a broad range of channels, organizations create a shared vision and culture surrounding the purpose to improve engagement and motivation. Overall, belief systems play a critical role as they unify employees, creating internal culture which guides behavior to be in-line with the intended purpose-driven strategy. By becoming part of the culture, the belief systems become self-reinforcing, further driving the purpose agenda.

This process is started at the first touch points with potential recruits. Companies use carefully designed recruitment policies to mobilize employees around common values and ideals to be aligned with the corporate purpose and its respective connotations to facilitate for fulfillment of organizational purpose. By attentively selecting certain candidates with aligned ideals, companies mitigate undesired behavior and decision-making efforts which may contradict the purpose-strategy. This was especially noticed in the digital-product company, highlighting that their selective process was used to mitigate “unnecessary risk” of impacting their purpose-driven culture. Moreover, this control process organically sets an opportunity space, stemming from the employees’ shared beliefs and ideals.

To further stimulate and communicate desirable behavior, companies implement thorough onboarding programs. Here, the organizational purpose is again communicated, fostering employee learning and knowledge around their expected behaviors. These messages are furthermore communicated continuously throughout the employee-journey to showcase ideal behaviors. Altogether, this aims to signal desired decision-making and how employees ought to carry out their daily tasks to achieve fulfillment of purpose. By furthermore externally communicating the purpose to new customers and clients through sales proposals and client presentations, companies are able to mitigate contrasting visions and thus increase the likelihood of meeting customer demands.

Nonetheless, the design and execution of control activities varied across companies. In particular, companies use different systems to interpret the belief system and facilitate action through interpretation intermediators. By breaking down the purpose into values, the digital-product company allowed the purpose to become less ambiguous. Similarly, one of the service-selling companies interpreted their purpose using internal discussions. As such, by

lowering ambiguity surrounding the organizational purpose, the companies were able to transfer information regarding employee performance and behavior more efficiently, thus in turn controlling fulfillment of the purpose.

With the same goal in mind, but using a different method of interpretation intermediary, the Consulting Firm 2 broke down the organizational purpose into an individual purpose. By utilizing a broad purpose statement, all participants were able to embrace the organizational purpose. Yet, given its broadness, the company controlled opportunity search and decision making by developing individual purposes, tailored to each individual role.

In contrast to aforementioned examples, the product-selling companies were able to create strong consensus around the meaning behind their organizational purpose by focusing on certain aspects, such as sustainability and food waste. This allowed them to disregard intermediary support systems used in other companies to lower ambiguity, thus facilitating decision-making directly connected to the purpose. Although utilizing a similar system as Consulting Firm 2, FMCG Company 2 used individual purposes as means to explicitly promote employee motivation, without any attachments to the organizational purpose or the core business. As such, the use of individual purpose may not by definition contribute to the control of organizational purpose fulfillment.

The findings show that the process in which firms choose to formulate and communicate the meaning of their belief systems have an impact on how systems are received and interpreted amongst participants. This may explain the cross-company variations seen in the case studies. Purpose statements perceived as more ambiguous allows for greater flexibility for interpretation. However, to reap the benefits it creates higher demands for the interpretation to take place. Vice versa, unambiguous purpose statements make intermediary stages for interpretation less necessary, but come at the cost of lower flexibility. Using broad and ambiguous purpose statements, the service-selling companies were able to tailor the meaning towards a broad range of stakeholders, which was deemed necessary given the case-dependency in their service-offerings. The product-selling companies, having a tangible and standardized offering, were not in need of such flexibility, explaining their choice of method. In between this spectrum lies the digital-product selling company that offered a tailored yet standardized product, demanding a balance between flexibility and clarity in their formal belief systems.

5.2 Boundary Systems

Our study also shows that companies deploy formal boundary systems to manage and control purpose fulfillment using behavioral guidelines, product and product criteria, ethical boundaries, codes of conduct and agreed upon social guidelines. The boundary systems elicit acceptance levels between satisfactory and unsatisfactory activities, to ensure compliance with the purpose strategy. Furthermore, these systems assist employees to identify strategic priorities by demarcating the opportunity space into a focused search area. More specifically,

companies use a mix between business conduct boundaries and strategic boundaries to establish ethical and minimal standards, which allows managers to delegate search activity.

There are evident differences between how firms utilize boundary systems and to what extent the opportunity space is limited. The product-selling companies deployed delicate minimal standards through explicit product criteria and internally developed labeling standards. These types of strategic boundaries guide employees in their search for and execution of initiatives complying with the purpose, such as developing healthy products, reducing food waste and lowering environmental footprint. Wherein FMCG Company 2 focused on formalized criteria to adhere to, controlling compliance through innovation gatekeeping, FMCG Company 1 demarcated the opportunity space by requiring innovations to be in line with strategic goals, communicated through mandatory education sessions. Although the methods varied, the outcome of these processes for both companies aimed to delimit what type of opportunity seeking is acceptable and not.

In contrast, the service-selling companies utilized less formalized and explicit strategic boundaries, but rather case-dependent rules and standards rooted in ethics and shared beliefs. The nature of their industry calls for creating heterogeneous solutions that are flexible and adaptable, making the use of explicit criteria more challenging. To mitigate risks of unfocused opportunity search, the service-selling companies utilized codes of business conduct, such as ethical standards rooted in their belief systems, to define how employees ought to conduct business and handle client relationships. Nonetheless, when utilizing loose boundaries, such as Consulting Firm 1 with their “no-rule culture”, continuous discussions surrounding ethical standards became critical to delimit acceptable opportunity search.

The digital-product company utilized its organizational purpose as a beacon for setting the strategic boundaries. By demanding that all new product offerings were to be aligned with organizational values, the domain for search was limited. Moreover, the company used its values as a tool for prioritizing strategic initiatives, further building upon a focused domain for empowerment.

Overall, the findings suggest that the tangibleness of an offering plays an important role in explaining variations between how companies choose to design boundary systems to control fulfillment of purpose. Companies with heterogeneous offerings demand more flexibility, in turn making the application of strict boundaries less beneficial. In contrast, companies with standardized products are incentivized to impose detailed criteria to reduce risk of strategic disorientation. This suggests that the complexity of using boundary systems to control a purpose increases as offerings become more abstract.

5.3 Diagnostic Control Systems

Our empirical evidence moreover suggests that attainment of a purpose is controlled using formal diagnostic systems. Companies utilize standardized reporting, objective and subjective critical performance indicators, and formal incentives to align the organization with their

purpose. These control methods help firms to assess individual performance in regards to purpose activities, evaluate the achievement of strategic targets regarding purpose fulfillment and ultimately generate feedback to correct potential deviations.

In regards to the studied product-selling companies, having strong emphasis on sustainability, the firms utilized critical performance variables connected to key factors such as recyclability, food waste and biodiversity to assess fulfillment of strategic goals connected to the purpose. These indicators allowed managers to identify and correct potential deviations.

The inherent nature of digital-product and service-selling companies, lacking physical and homogenous products, makes it difficult to attach similar performance indicators connected to tangible factors related to their offering. Instead, to track achievement in regards to their purposes, digital product- and service-selling companies utilize qualitative indicators originating from their belief systems to assess purpose fulfillment, such as the Engagement Pulse used in Consulting Firm 1. This may describe the stark contrast between the use of strict critical performance variables in the product-selling companies, such as the TNS, and the more subjective measurements connected to the Transformative Leadership Model utilized in Consulting Firm 2. Due to the lack of objective performance indicators, making the control of output associated with purpose somewhat inexplicit, service- and digital product selling companies instead rely on thorough recruitment processes to control output and strategic alignment. This may explain the variation seen between the product-selling and service-selling companies in regards to the emphasis put into recruiting candidates with aligned purposes and values.

Although objectively measurable initiatives connected to the organizational purpose were apparent, such as the 1 %-Model in SaaS Company 1, these types of initiatives were not directly linked to the core offering, but rather dependent on general company performance. Moreover, in other forms of diagnostic controls, for instance the Goal-Setting Model utilized in SaaS Company 1, the components relating to purpose were seemingly subjective in their measurement – again focusing primarily on behavior to achieve strategic company alignment.

Furthermore, the use of formal incentives attached to the purpose was more evident in the service-selling companies and the digital-product company. In Consulting Firm 2, employees were evaluated based on their performance attached to the values set in the Transformative Leadership Model. In SaaS Company 1, the promotional evaluations were connected to ten personality traits. Lastly, in Consulting Firm 1, employees were measured based on their billing, which in turn was heavily dependent on intra-organizational networking. In all three examples, the incentives were somewhat connected to control output by steering behavior and stimulate decision contributing towards fulfillment of purpose. The lack of such formal incentives in the product-selling companies may be explained by their ability to control output by other means.

In regards to cross-company differences, our findings point towards a negative link between the extent of diagnostic control systems used, versus the degree of belief systems being

adopted. As highlighted by the service-selling companies, firms with less ability to design strict output measurements connected to their purpose are more compelled to integrate belief systems into their processes, to influence behavior. It could be claimed that such companies often have their employees as their most valuable resource. This emphasizes the need to put stricter measures on controlling individual behavior in order to monitor organizational output. Having standardized offerings, product-selling companies face less complexities when designing diagnostic systems with objective measurements. This diminishes the need to invest in rigorous belief systems, such as selective recruitment processes based on alignment with purpose and values.

5.4 Interactive Control Systems

The empirical data shows that companies mobilize interactive systems through regular managerial meetings with subordinates, interactive meetings with external stakeholders, interactive performance assessment, and intangible performance indicators with the intent to control attainment of purpose.

Formal managerial meetings with subordinates regarding the purpose help managers to communicate the strategic agenda and to identify possible strategic uncertainties. Using interactive meetings, managers are able to set a clear purpose agenda and communicate goals in regards to the purpose and related initiatives. This facilitates dialogue, focusing employees attention to the key strategic area of purpose. Moreover, these dialogues help companies to identify potential derails from purpose fulfillment. The effective use of interactive meetings was evident in SaaS Company 1, where bottom-up debate caused a new product release to get canceled due to misalignment with purpose. Companies also use interactive control systems, such as the Innovation Board in FMCG Company 2, to engage themselves in the development of new innovations, ensuring product compliance with criteria connected to their purpose. This managerial engagement moreover facilitates focused search, as was evident amongst employees in FMCG Company 2, stating they always put on a “sustainability hat” when sourcing innovations.

By having collaborative dialogue with both internal and external stakeholders, companies are furthermore able to identify purpose-aligned innovations, which are consistent with their core business. This moreover aids companies to stimulate innovations targeting strategic uncertainties. This was evident in SaaS Company 1, where the product offering Carbon Tracker had emerged as a result of bottom-up engagement linked to their value of sustainability. Moreover, by interactively engaging with their Oaktree community, the company was able to source new products and features that harmonize with consumer expectations, while staying true to one of the key components of their purpose: innovation. Similarly, in FMCG Company 1, the continuous internal debate and interactive dialogue with a transportation client incited a change of environmental policy to become better aligned with the organization’s purpose.

The data also showed that managers within service-selling companies engaged themselves interactively focusing on less tangible factors, often connected to employee behavior, mutual client relationship, and perceived ability to create value. To a high degree, this contrasted the product-selling companies, whose managers engaged themselves in topics related to the product specifications, rather than the individuals developing them. As argued previously, this may be caused by the different nature of the industries, their offerings and defined purpose statements. The management and control of purpose for service-selling companies are dependent on the work of individuals, making perceived value-creation a critical strategic uncertainty. Hence, to facilitate attention and spark debate, the companies without tangible products developed systems that engaged managers systematically to influence individual performance related to purpose fulfillment. This was for instance seen with the examples of Engagement Pulse, the Transformative Leadership Model and the Goal-Setting Model. However, such methods proved to be resource-intensive due to the required continuous managerial attention, system developments and sophisticated support systems. Without adequate processes and systems in place, companies risk potential derailment from purpose.

On the other hand, fulfillment of purpose within product-selling companies is primarily dependent on the physical products sold, which shifts managerial attention towards strategic uncertainties connected to the physical product. Ultimately, this suggests that the type of input has a profound impact on the interactive control methods deployed by managers to manage and control purpose fulfillment, hence explaining cross-company differences.

5.5 Informal Controls

The empirical findings demonstrate that companies utilize informal control systems to help create an organizational climate that supports formal MCS in their means to control purpose fulfillment. These informal controls include platforms to facilitate culture discussions, project endorsement, activities unintentionally shaping culture, and having an overarching culture which promotes purpose fulfillment.

By creating platforms for employees to collectively discuss desirable culture, companies are able to create consensus that stimulate an organizational climate with shared beliefs and behavioral expectations. This furthermore fosters a culture that aligns with the organizational purpose and its related values. Although not explicitly argued to be designed towards certain organizational objectives, platforms such as the Ministry of Culture played a critical role to unify employees around shared beliefs and values, indirectly helping to steer employee behavior to act in line with formal MCS.

Similarly, by highlighting and demonstrating successful commitments and initiatives deemed to be aligned with the purpose, managers enhance interpersonal connections with employees and help to reinforce the company's purpose commitment. These processes furthermore encourage behaviors and decision-making that supports the organizational purpose, as seen with the Company Talks at FMCG Company 1.

Systems may moreover unintentionally create effects on culture that can support fulfillment of purpose. As seen in SaaS Company 1, the platform Oaktree had unintentionally become a culture shaping platform which benefited the company in various ways – including shaping purpose-aligned behavior. A similar system may not be applicable in all companies, and the same culture-shaping benefits are not guaranteed by any regards. This showcases how informal control systems can be inherently challenging to design or copy.

On the opposite side of the spectrum, organizational culture may indeed become a barrier for achieving fulfillment of purpose. When culture is in conflict with the purpose-strategy, the formal controls lose credibility amongst employees and thus their efficiency. This was notable in Consulting Firm 2, where old habits, such as the work-hard-play-hard mentality, created obstacles to achieve the goals set in the Transformational Leadership Model.

Overall, our findings suggest that the mediating effect of informal controls positively or negatively affect goal attainment of formal MCS. This insight can further explain the companies' comprehensive use of recruitment policies and onboarding programs to create organic value alignment amongst new employees, reducing the possible risks of formal and informal controls not working in tandem. Nonetheless, no overall relationships or patterns were observed on a cross-company level. Instead, there were similarities and variations across all studied companies. This may be a result of the increased complexity of dealing with informal controls, many of which stems from unconscious decisions.

5.6 Overview of Control Activities

The previous segment of the analysis has provided a detailed description on how companies act to control fulfillment of purpose through the use of formal and informal MCS. To facilitate a holistic view, an overview of how each respective company utilized formal and informal controls is presented in Table 3. Note that the table only provides an overview of the control activities, and thus does not show the depth and magnitude of the processes. As such, the in-depth details presented in chapter 4 to 5.5 are necessary to understand cross-company differences in the listed activities in Table 3.

Overview of Control Activities	Consulting Company 1	Consulting Company 2	SaaS Company 1	FMCG Company 1	FMCG Company 2
<i>Formal Belief Systems Connected to Purpose</i>					
Purpose Statement	*	*	*	*	*
Strategy Documents	*	*	*	*	*
Recruitment Policies	*	*	*		
Onboarding and Training	*	*	*	*	*
Communication (<i>Internal Newsletters; Visual Display; Oral Communication, etc</i>)	*	*	*	*	*
Internal Meetings	*	*	*		
Interpretation Intermediator (<i>Values; Individual Purpose</i>)			*	*	*
<i>Formal Boundary Processes Connected to Purpose</i>					
Formal Behavioral Guidelines Connected to Purpose		*	*	*	
Formal Product and/or Project Criteria Connected to Purpose			*		*
Formal Ethical Boundaries Connected to Purpose		*			*
Code of Conducts	*	*	*	*	*
Boundaries Set Through Dialogue	*	*	*	*	
<i>Formal Diagnostic Processes Connected to Purpose</i>					
Standardized reporting		*	*	*	*
Objectively Measurable Critical Performance Indicators			*	*	*
Subjectively Measurable Critical Performance Indicators	*	*	*		
Formal Incentives	*	*	*	*	
<i>Formal Interactive Processes Connected to Purpose</i>					
Regular Managerial Meetings with Subordinates Regarding Purpose	*	*	*		
Interactive Meetings with External Stakeholders		*	*	*	*
Interactive Individual Performance Assessment	*	*	*		
Intangible Performance Indicators	*	*	*	*	
<i>Informal Control Processes Connected to Purpose</i>					
Platforms Facilitating Culture Unity	*		*		*
Project Endorsement (<i>Live Events, Town Halls, Company Talks</i>)	*	*			
Activities Unintentionally Shaping Culture			*		
Culture Promoting Purpose Fulfillment	*		*	*	*

Table 3: Overview of Formal and Informal Control Activities Utilized by the Studied Companies

6 Conclusion & Discussion

This chapter aims to provide an answer to the research questions (6.1), before discussing the empirical findings in relation to the previous literature with the intention to contribute to the identified research gap (6.2). Thereafter, theoretical contributions are presented (6.3), followed by a critical discussion surrounding the study's limitations and potential future research (6.4). Lastly, managerial implications on the subject of governing and controlling purpose-strategies are presented (6.5).

6.1 Answer to the Research Questions

This study examined how companies control fulfillment of organizational purpose, while aiming to explain potential variations in control methods between companies. The purpose of this study has been to answer two research questions, the first being:

RQ1: How do companies act to control fulfillment of an organizational purpose?

Our findings suggest that companies thoroughly control attainment of purpose strategies using a carefully selected mix of formal and informal MCS. Formal belief systems are utilized in recruitment policies, onboarding and discussed in internal meetings to unify employees and guide behavior to be aligned with the purpose. Companies also deploy formal boundary systems, such as product criteria, labeling standards and ethical guidelines, to demarcate the opportunity space in regards to the purpose, manage risks, and help to assist employees to identify strategic priorities. Moreover, formal diagnostic control systems are used to track goal attainment related to organizational purpose and allow managers to intervene in order to correct strategic deviations. Examples include using objective measurements related to product specifications, subjective measurements based on managers evaluations on behavioral compliance, and formal incentives linked to the purpose. Formal interactive control systems are furthermore used to spark debate and focus attention to strategic uncertainties connected to the fulfillment of purpose. By engaging themselves with both internal and external stakeholders in regards to the organizational purpose, managers are able to communicate key strategic areas. This helps to stimulate purpose-aligned innovations that are demanded by customers and clients. Lastly, informal controls facilitate a unified organizational culture, which may strengthen or hinder the collective pursuit towards attainment of purpose. Activities, such as project endorsements and discussion platforms, have unconscious effects on culture which affects the efficiency of the formal MCS. Moreover, old beliefs or conflicting personal values may reduce the efficiency of the formal controls used to control a purpose.

The evidence presented also allows us to answer the second research question, asking:

RQ2: What explains potential cross-company variation between how companies act to control fulfillment of an organizational purpose?

Indeed, companies vary in their actions to control fulfillment of an organizational purpose. To explain cross-company variations, our findings suggest that the level of heterogeneity and tangibleness of companies' offerings determine the use of formal and informal MCS to control fulfillment of purpose. The heterogeneity in an offering determines the needed flexibility in product or project development. This in turn determines the required level of ambiguity in the belief systems and concurrently the use of support systems to facilitate interpretation and decision-making. Our findings moreover suggest that companies with homogeneous offerings benefit to a higher degree from more rigidly designed formal boundary systems to avoid strategic disorientation. This implies a positive relationship between an offering's heterogeneity and a company's use of formal boundary systems to control for attainment of organizational purpose. In addition, the tangibleness in a company's offering determines the ability to use objective performance indicators to measure attainment of purpose. Hence, this points towards a positive relationship between the tangibleness of a company's offering and its use of formal diagnostic systems. The more intangible a company's offering is, the more it relies on formal belief systems, such as their recruitment, to control employee behavior. When choosing formal interactive controls, tangible offerings call for greater attention to product specifications, whereas intangible offerings demand more consideration to the individual employees and their performance when controlling fulfillment of purpose. Lastly, despite variations in the use of informal controls, no clear patterns were identified that help to explain cross-company differences in regard to informal control systems. This may be due to the inherent complexity of informal systems, often being results of unconscious behaviors.

6.2 Discussion of Findings

The studied case companies invested heavily in control systems to control their organizational purpose. The magnitude of the control systems in place came as a surprise. When designing this study, we initially theorized that the subject of purpose would be challenging to control due to its ambiguity and broadness. This assumption was further amplified given that scholars had shown the commonality of decoupling the externally communicated formal structure and their actual ongoing work activities (Meyer & Rowan, 1977; Brunsson, 1989). However, as the results clearly showcase, this was not the case amongst the studied companies. Although using different methods of control, all companies were able to enact their purpose into their daily processes and as such, operationalize it. The explanation for this may have a multitude of answers. Firstly, given how many of the companies had delicately designed structures to allow for controlling the attainment of the purpose, senior managers may strongly believe in the rewards that may be reaped from being purpose-driven (Stengel, 2011; Porter Novelli & Cone, 2019). Secondly, companies may fear being labeled as 'goodwashers' (Martell, 2018) or accused of hypocrisy (George et al., 2021; Carlos & Lewis, 2018) if scrutinized and not being able to live up to the formal structures communicated to stakeholders.

The results showed that formal belief systems were the most explicitly used MSC to control for attainment of purpose. Given that Simons (1995) argues that organizational purpose is a

belief system in its nature, this may not come as a surprise. With strategies putting the purpose at the core of the business, it should be expected that formal belief systems reinforcing the message behind the purpose are used extensively.

On another note, whereas Simons (1995) argues that formal diagnostic control systems are a good middle ground between cost-exhausting input controls and cost-efficient standardization, our study shows that diagnostic controls are not appropriate for all companies to control for attainment of purpose. For companies with intangible and heterogenous offerings, quantitative measures related to fulfillment of purpose becomes inherently challenging to create. Thus, the use of input-control by the likes of recruitment and onboarding become inevitable to facilitate attainment of purpose. In these scenarios, subjectively measured diagnostic systems are rather utilized as complements to control strategic attainment.

Moving forward, previous literature has suggested that companies can utilize single tools and processes such as training courses, reward incentives and hiring practices as means to control attainment of purpose (Adam & Rachman-Moore, 2004; Cady et al., 2011; White et al., 2017; George et. al, 2021). Our results showcased the use of all these control mechanisms to a varying degree. Moreover, instead of suggesting single and/or universal tools for controlling purpose, the findings from this study rather showcase that a multitude of control systems and a broad variety of methods are used to ensure compliance with purpose. Our findings also suggest that companies have to consider their own offering, internal capabilities and resource availability to design appropriate control methods to control attainment of purpose. For example, the use of recruitment as a control mechanism was primarily seen amongst companies lacking other appropriate control mechanisms to ensure attainment of purpose. This suggests that using purpose-driven recruitment to improve clarity in decision-making and to steer employee behavior is only utilized when missing alternatives. The reason for this may be explained by the resource intensity of selective recruitment, as suggested by Simons (1995). Moreover, although reward incentives were observed in several companies, it was mostly evident in the service- and digital selling companies, lacking tangible products. Lastly, training courses, such as onboarding, were displayed in all companies. This may be explained by its relevance and cost-efficiency in reinforcing belief systems, regardless of the nature of the company and its offering.

This study also shows how informal controls play a critical part in supporting the formal controls to ensure control of a purpose-strategy. This is well in-line with Langfield-Smith's (1997) findings, claiming that informal controls act to support the organizational environment and help to sustain formal control processes. Although activities creating informal controls are unconsciously designed, it was noted that these systems have an apparent impact on how companies act to control fulfillment of purpose, particularly on culture and employee behavior. Additionally, it was noted that formal and informal controls conflicting each other creates challenges of enforcing formal controls. This adds on to Bedford et al.'s (2016) claims, stating that the two need to work in tandem to facilitate goal attainment.

Lastly, the study's findings provide proof of variations in the use of MCS to control purpose, while providing explanations to such variations. Many of the variations observed came as a result of studying both consumer-serving and business-serving companies. Given that previous literature within purpose-strategy has mostly investigated consumer-selling companies (Cone, Fanelli, & Salomon, 2020; George et al, 2021), this study highlights the importance of including a broad sample with different characteristics, offerings and target groups. This may unveil new and interesting findings in the topic of purpose-strategy.

To summarize, the findings from this study highlights a demanded contribution to the 'missing link' in research about purpose-strategy. Given that previous literature has provided insights for purpose intentions, development and implementation, this study presents additional factors which may contribute to the potential outcomes of enacting a purpose-strategy.

6.3 Theoretical Contribution

This study contributes to theory in various ways. Research on purpose-strategy has thus far to a large extent neglected analyzing the use of control methods to ensure fulfillment of a purpose. In light of this, our study contributes to the theoretical understanding of controlling purpose-strategies using the theoretical lens of formal and informal MCS.

Previous research has primarily been limited to either focus on single-case studies (Norris & O'Dwyer, 2004; Durden, 2008; Lueg & Radlach, 2016), limiting comparability, or having presented single tools to control purpose (Adam & Rachman-Moore, 2004; Jazayeri & Scapens, 2008; Cady et al., 2011; White et al., 2017). By utilizing a multiple case study and applying a holistic perspective on MCS, we are able to conclude that companies vary in their utilization of formal and informal controls and the methods used, stemming from offering characteristics. Consequently, both relevance and applicability between different types of control activities differed. The study therefore sheds new light on how companies design their control systems and what dictates the choice of method used to control purpose strategies between companies.

Furthermore, business-serving companies have gained little attention by researchers within purpose-research (Cone, Fanelli, & Salomon, 2020; George et al, 2021). This study helps to build theory and expand the understanding surrounding purpose-strategy in business-serving companies, by specifically confirming the use of governance and control activities and explaining cross-company variations.

Lastly, previous studies in adjacent fields to purpose-strategy have claimed relevancy of MCS in relation to controlling other nascent strategies, such as CSR-strategy (Durden, 2008; Norris & O'Dwyer, 2004; Stacey, 2010; Laguir, Laguir, & Tchemeni, 2019). This study confirms this relevance and helps to expand theoretical knowledge about the application of MCS to nascent strategies, looking at purpose-strategy specifically.

6.4 Limitations & Future Research

Although this study provides important contributions, it is prone to limitations that open up interesting areas for future research. Firstly, an inherent limitation of our qualitative study is the limited generalizability in our empirical findings. Studying five companies active in three different industries makes generalizing conclusions less credible. Thus, to establish higher generalizability of these findings, future research ought to be complemented with statistical support to validate our qualitative data. Although, it should be noted that the purpose of this study, and qualitative studies in general, is not to generalize to population, but generalize to theory. That being said, this study's exploratory design and use of multiple case studies may have negatively affected the quality of our theoretical inferences. The choice of studying several cases, rather than a single one, can potentially have resulted in the missing of details that are key for further generalization to theory.

A critical limitation of the qualitative study was our reliance on interviewees' statements. Participants may have felt obligated to answer our questions in a manner that enhances their company's image, by exaggerating the use of activities, being selective in their answers, or only mentioning examples that align with the organizational purpose. The snowball sampling, resulting in several interviewed candidates being heavily invested in the company's purpose and associated control processes, may have further reinforced this effect. While using complementary sources, triangulation and follow-up interviews to confirm critical statements, certain topics are inherently challenging to validate and are perceived differently amongst interviewees. Examples of this include how culture shapes behavior. As a result, informal controls were found especially challenging to detect and confidently analyze due to their inherent intangibility. Future research could mitigate these issues through the use of longitudinal studies or field studies, making it possible to study real-time managerial and employee behavior.

While this study broadens the understanding of how companies utilize MCS to control fulfillment of purpose, it has not aimed to study the effectiveness of each control activity. This opens up for potential future research to investigate. Furthermore, it may be interesting to apply different theoretical perspectives regarding why managers choose to design their control processes in the way they do. Whereas this study suggests choices to be dependent on conditions and company characteristics, other aspects may be revealed by applying other theoretical lenses, such as market-shaping logics.

Lastly, an interesting observation in this study was that all companies were stated to be in a privileged situation, by being profitable and having a broad pool of potential clients, projects, and talent available. Arguably, this makes the application of purpose-aligned criteria and the flexibility in choice less complicated. Applying a critical stance, this begs the question of whether firms would stay true to their statements and apply the same purpose-aligned criteria in a more dire situation. To test this assumption, we argue for future research to examine purpose-driven companies with a broader variation in for example financial performance and talent pool available, allowing to confirm this study's findings.

6.5 Managerial Implications

Research suggests that today's alleged purpose-driven companies struggle with a discrepancy between acknowledgement and action (PwC, 2016). This study demonstrates how companies can utilize control activities when pursuing a purpose-strategy. Furthermore, the empirical findings highlight the interplay and interdependencies between formal and informal controls in regards to controlling purpose fulfillment. This provides valuable insight and inspiration for managers looking to design control processes related to purpose strategies.

In addition, the nature of this multiple case study approach generates contextual awareness for managers within product-, digital product-, and service-selling companies, when designing control activities suited to their business conditions. As evident in the study, resource-intensive support systems are critical components to govern purpose fulfillment in service-selling companies. The lack of such dedicated systems may heavily hamper their ability to create individual relevancy and actionable guidance. Thus, this study shows how managers ought to thoroughly consider their companies' abilities to design appropriate control processes related to purpose, before committing to a purpose-strategy. The seemingly rigid requirements may also assist explaining the widespread failure of achieving purpose fulfillment.

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Appendix

Appendix A: List of Interviewees

#	Role	Time/ Date	Code
1	Business Development Representative, Private Equity Practice	45 min; March 10	Junior Associate - SaaS Company 1
2	Office Support	30 min; March 10	Office Support - Consulting Firm 1
3	Partner	60 min; March 15	Partner, Consulting Firm 1
4	Associate Consultant	45 min; March 17	Associate Consultant 1, Consulting Firm 2
5	Associate Consultant	45 min; March 17	Associate Consultant 2, Consulting Firm 2
6	Senior Consultant	45 min; March 18	Senior Consultant, Consulting Firm 1
7	Senior Director, Global Private Equity Practice	45 min; March 21	Senior Director, SaaS Company 1
8	HR Business Partner, Sweden	50 min; March 22	HR Business Partner, Consulting Firm 2
9	Business Development Representative	45 min; March 23	Business Development Rep 1, SaaS Company 1
10	Senior Manager	45 min; March 23	Senior Manager, Consulting Firm 2
11	CEO / Country Lead	45 min; March 23	CEO Sweden, SaaS Company 1
12	Group HR Director	60 min; March 23	Group HR Director, FMCG Company 1
13	Group CEO	60 min; March 24	Group CEO, FMCG Company 1
14	Board Member	20 min; March 24	Board Member, FMCG Company 1
15	Brand Manager Foods,	45 min;	Brand Manager Nordics, FMCG

	Nordics	March 24	Company 2
16	Nutrition & Health Manager Foods & Refreshment, Nordics	45 min; March 24	Nutrition & Health Manager, Nordics, FMCG Company 2
17	Business Development Representative	45 min; March 25	Business Development Trainee, SaaS Company 1
18	Junior Brand Manager Food Nordics	35 min; March 25	Junior Brand Manager Nordics, FMCG Company 2
19	Senior Consultant	45 min; March 30	Senior Management Consultant 2, Consulting Firm 1
20	Head of Academy	45 min; March 30	Head of Academy, FMCG Company 1
21	Nordic CCBT Lead	30 min; March 30	CCBT Lead, Nordics, FMCG Company 2
22	Business Development Representative, Private Equity Practice	20 min; March 30 <i>Follow-up interview</i>	Business Development Representative, Private Equity Practice, SaaS Company 1
23	Junior Brand Manager Foods Europe	45 min; April 1	Junior Brand Manager Europe, FMCG Company 2

Appendix B: Interview Guide

The abductive approach led us to change our interview guide during the process, as we continuously evaluated the relevance and functionality of the questions. Moreover, questions were added and removed when new themes emerged. To give an overarching picture, Appendix B provides the overarching themes of the interview questions.

Briefing:

The interview is 100 % confidential - neither name of interviewees or the organization will be mentioned in the thesis. Moreover your name will not be mentioned to any other person we interview at your company, or any other company.

Topic 1: Introductory Questions

- Topics include: role within the organization, tenure, department.

Topic 2: Organizational Purpose

- Topics include: definition of purpose; personal interpretation; internal & external communication of purpose.

Topic 3: Activities Companies Used to Control Fulfillment of Purpose

- Topics include (if relevant): governance; methods; models; KPI:s; goals; rules; recruitment; performance evaluation; incentives; training; onboarding; communication channels.

Topic 4: Culture and Values

- Topics include (if relevant): if/how purpose affects organizational culture, or vice versa; if/how purpose affects behavior; personal values & motivation.