

# What is the science behind purpose?

Can purpose be measured? Can it be tracked and used as a predictive metric like any other business measures? When BlackRock's CEO Larry Fink said, "Without a sense of purpose, no company can achieve its full potential," what is the evidence for this?

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Purpose practitioners have come up with an alternative pithy phrase, 'What really counts cannot be counted.' New research by UK B Corp Contextis and researchers at Cambridge University suggest this is simply not true. Purpose can be measured just as well as any other key business driver. The trick is to decide what you're trying to measure.

It is widely accepted in the ESG world that whilst the 'E' and, to some extent, the 'G' can be effectively and robustly measured, the social impact of a business is harder to pin down with reliable numbers. Contextis and Cambridge came together to resolve this challenge.

## Know what to measure

Their work created a single measure of purpose efficacy. It brings together the work of behavioural scientist from around the world to assess – in real organisations in real time – the human beliefs and behaviours known to maximise motivation and organisational effectiveness. It then measures the degree to which it is the organisation's social purpose that is influencing these

productive outcomes and how.

It's complex analysis, but what the model delivers is quite simple. It answers, with robust metrics, the questions of whether purpose is driving performance, how this is working and where it is blocked.

Organisations in 26 countries already use the Contexis Index to understand the true impact of purpose on the happiness of their people and the productivity of their businesses.

So, what does the data reveal? First of all, Larry Fink is right: purpose really does drive productivity, performance and even growth. But just not in the way he may think.

## Purpose must be 'activated' to be effective

Organisations that effectively activate purpose in their cultures perform better, and significantly so, across the full range of performance measures.

In one example, for a division of an international bank, the Index revealed that its purpose was understood and believed by less than 25% of staff. The bank used the academic insights and recommendations from the index to activate its purpose. As a result, over six months, the percentage of people who engaged meaningfully with the purpose increased to over 55%. Commitment, engagement and responsibility increased by between 25 and 30%, as did openness, innovation, management clarity and velocity. Joyfulness increased by 60%, but, most surprisingly of all, revenue grew by 14%. The bank is now rolling the pilot out globally.

If it is that simple, why isn't everyone finding purpose drives performance? The numbers from this research answer that question too.

## Weave the thread of purpose into every decision

Purpose must be activated in the culture in a very specific way: otherwise, it really is a waste of time. Specific cultural factors activate purpose. Where these are present, purpose drives performance and where they are absent, it does not. These factors appear common to the human experience.

Purpose must be authentically the north star; the single clarifying context of how decisions are made and behaviours moderated. Too many companies see

purpose as a set of words but to change how people feel and behave, purpose must be authentically and consistently lived in every decision, and over time. Patagonia is not the most trusted brand in the world because it has a clever purpose statement, but because it has consistently been 'in business to save our home planet' for ever. That belief drives every decision, even if it costs the company money or criticism.

Secondly, purpose will only take root within a culture of trust. If people don't trust the organisation and its intentions, or if they don't feel safe, they cannot act on its purpose. This stifles openness and innovation. A European telecom found from its Index analysis that staff who scored positively on trust were 63% more open to ideas and innovation and 88% more open to learning.

Thirdly, ownership is the holy grail of performance. To turn purpose into action requires people to take ownership.

## How purpose clarifies decision-making at scale

Southwest Airline's vision is to be the world's most loved and most profitable airline. What happens when 'loved' collides with 'profitable'? How are a thousand decisions across a \$26B corporation made, and who makes them? The answer is they are referenced to the company's purpose and made autonomously by all 56,000 employees.

When his grandson fell into a coma, Mark Dickinson was on a business trip thousands of miles away. Delays and unsympathetic officialdom meant Dickinson arrived at his gate 12 minutes late for his flight. Southwest is notorious for turning its planes faster than any competitor, in pursuit of its vision to be the most profitable airline. 12 minutes late is an eternity. Yet, the pilot was standing at the gangway, waiting. He knew there would be significant cost to the airline for this act of kindness.

What can we learn from this? That purpose clarifies decision-making and employees will do the right thing when given the ownership to act with autonomy. It's no accident that Southwest is consistently in the top spot for customer experience.

The science is clear. Purpose unlocks productivity and performance, but it's not automatic and it's not about the words. Purpose will only transform performance if it is activated, and that is a matter of culture not communication, courage and commitment, not complacency.

Activating purpose is not easy, but as evidence from Contextis Index shows, the

rewards can be remarkable for human happiness and business performance.

John Rosling is CEO at [Contexis](#).

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Article by JOHN ROSLING