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CORPORATE PURPOSE
From concept evolvement to organisational implementation

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Contents

THESIS OVERVIEW

This doctoral thesis explores the notion of Purpose of Business beyond profit. As a term it starts to appear after the financial crisis in 2009, in parallel to corporate social responsibility. The difference however is that it calls for fundamental change within the organizational approach towards the society. This is still a new phenomenon and the evidence in the academic literature is scarce. Therefore, this research explores the Purpose of Business from both organizational and management perspective on individual, organizational and institutional field level. It starts from the perspective of institutional entrepreneurship and how individual actors enabled the discourse on a new topic, then goes to the analysis of an institutional field creation that occurred in a specific context, through interstitial space, and finally explains one of the possible ways for the operationalization of purpose of business within the companies.

The first chapter is a single case study that explains the specific conditions under which dominant actors in the mature fields are prevented from acting as institutional entrepreneurs. It analyses the interaction of a group of financial leaders on creating the discourse on purpose of business and how they act as institutional entrepreneurs, analysing their legitimacy and the type of alliances they make. The study introduces a new concept in the literature, *agency transfer*, which serves to overcome the problem of delegitimization institutional entrepreneurs can face.

The second chapter is a single case study that describes the interstitial space between different institutional fields that was created and allowed for the emergence of a new field around the issue of purpose of business. Following the previous literature on interstitial spaces, the research describes the mechanisms within a specific context that are put in place in order to generate new

practices. The research puts a specific emphasis on the role of a formal catalyst in generating new practices, creating rituals and finally enabling filed creation.

In the final chapter, the research argues that purpose can be enacted in companies` practices through Performance Measurement Systems (PMS). In this way the instalment of sense of purpose within the organisations is helped by aligning corporate strategy with purpose statement. The research is a multi-case study, whereby analysing three large companies the research explains key features PMS should have for a successful implementation of purpose in the organisation. The research also puts emphasis on the role of management accountants in designing Performance management Systems.

Agency transfer in Institutional Change

Institutional Entrepreneurship in Mature Fields Conditioned by Crisis

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INTRODUCTION

Institutional theory is one of the most dominant theories in the organisational studies. It explains how organisational structures in order to gain legitimacy (Baba et al., 2021), adapt and conform to the expectations of the institutional environment, mimicking each other (DiMaggio and Powell, 1983). However, most of the early work in institutional theory excluded the human agency as a level of analysis (Battilana, 2006) and sees institutions as a source of stability (Greenwood and Suddaby, 2006) in which the actors are embedded sharing the same institutional logic. This view on organisations led to one of the most dominant questions that the institutional theory had dealt with, how can institutions change then? The phenomenon was described by Seo and Creed (2002) as "paradox of embedded agency", which poses the question of how the actors can change the institutions if they are embedded in them? As one of the suggestions they offer is a "revolutionary disruption from outside" that shifts the collective consciousness of the embedded actors and prompts them to act towards the change. However, the problem

in the literature is that most of the studies are questioning only the willingness of the embedded actors to change, assuming that they possess legitimacy to act as institutional entrepreneurs.

The paradox of "embedded agency" remained as one of the challenges in institutional theory, that has been almost abandoned as a research interest (Alvesson and Spicer, 2019) after a very prolific first decade of the 21st century.

In this study I revisit the literature of institutional entrepreneurship and look into some unanswered questions regarding institutional entrepreneurship in mature organisational field, specifically in the situations of uncertainty and crisis.

The paper expands into four parts. First, I analyse the existing theoretical framework on institutional entrepreneurship, taking into consideration both mature and emerging fields as both aspects are relevant for the development of the theory in this paper. Secondly, I describe the methodology of the case study and the data collection and data analysis process. Then I go to explain the case study as an environment in which the new phenomenon has been observed. In the fourth part I elaborate two main aspects of the research and make four prepositions regarding specific conditions and possible ways for the emergence of institutional entrepreneurship in mature fields. And I finalize the paper with the conclusion remarks.

THEORETICAL CONTEXT

DiMaggio (1988) argued that "new institutions arise when organized actors with sufficient resources see an opportunity to realize interests that they value highly". To act as an institutional entrepreneur the actors need to have an interest to act upon changing the operating environment (Garud et al., 2007; Ko and Liu, 2021). They need

to "de-institutionalize existing beliefs, norms, and values embodied in extant forms, and establish new forms that instantiate new beliefs, norms and values. Crucial in these processes are institutional entrepreneurs who lead efforts to identify political opportunities, frame issues and problems, and mobilize constituencies. By so doing, they spearhead collective attempts to infuse new beliefs, norms, and values into social structures" (Rao et al.,2000).

However, the actors who wish to act as institutional entrepreneur need first to overcome the dominant institutional logics which determines the field in which they are embedded. These logics represent the "organising principles of society" (Friedland and Alford 1991, p. 248), meaning that often the actions they take within a field are predetermined by these logics as they represent rules which help them navigate "ambiguity and cognitive limitations" that can be present at times (Tracey et al., 2011).

In the institutional theory, the institutional entrepreneur is described as an actor who wishes to bring the change of norms and beliefs in an organisational field, but if the actors are embedded in the organisation and are shaped by the structure of the organisational field, it is most likely that their identity will be correlated to the existing norms and culture, so how can they propose new practices? (Garud et al., 2007; Ko and Liu, 2021). This problem is one of the biggest problems identified in the institutional theory. Defined as the problem of "embedded agency" (Holm, 1995; Seo and Creed, 2002), it represents the idea that actors in an environment, in which they are centrally positioned, are less likely to bring change to that environment and compromised their own position (Rao et al. 2000). Another explanation to why institutions put a constraint on centrally positioned actors is offered by Barley and Tolbert (1997), who states that "institutional theory highlights cultural influences on decision making and formal

structures. It holds that organizations, and the individuals who populate them, are suspended in a web of values, norms, rules, beliefs, and taken-for-granted assumptions, that are at least partially of their own making." Starting from Giddens' structuration theory (1984) they identify institutions as "shared rules and typifications that identify categories of social actors and their appropriate activities or relationships" (Barley and Tolbert, 1997). According to their model institutionalization is a "continuous process" of maintenance and its constant improvement through modifications that does not leave much space for its actors to make radical changes. The model is a four-step process that shows the symbiotic relationship between the institutions and the actors. In the first step the actors are engaged in (1) "encoding of institutional principles in the scripts used in specific settings", the second step (2) is when actors "enact" those scripts, the third step (3) gives actors more room for action to bring the change as the idea is to "revise or replicate" the script. However, in case in which the actors would decide to revise the script, they would be constrained by others who do not wish to disturb the status quo and therefore would resist any action and proceed with the replication of the script. And finally, the fourth step (4) of institutionalization is the process of "objectification and externalization of the patterned behaviours" created in a certain period of time. This means that in the final step of institutionalisation actors need to distance themselves from the dominating norms and circumstances, breaking with the dominant logics that were populating an organisational field.

Although the institutional theory gives a dominant power to institutions in shaping the actors and preventing them to change, the neo-institutional theory shows that the institution are the result of human agency (Battilana, 2006; McGaughey et al., 2016), therefore, to understand better the problem of embedded agency it is necessary to analyse the institutional change not only from the individual perspective but also from

the organisational and institutional perspective (Friedland and Alford, 1991). According to Battilana (2006), only under this circumstance it would be possible to explain how the individuals act as institutional entrepreneurs. By overcoming the lack of institutional theory to take into account the importance of human agency in institutional change, the neo-institutional focus on the analysis of both societal and individual conditions gives better understanding of the paradox of embedded agency but yet does not explain it fully as it neglects the institutional characteristics and the pressures that institutions can exhibit on agency (Leca et at., 2009).

Having seen that the actors cannot break easily from the environment and the structures in which they find themselves, the question is how they can act as institutional entrepreneurs. The embedded agency paradox remains one of the most problematic questions in institutional theory still to be resolved. Responding to this question, Leca et al. (2009) proposed "enabling conditions" for institutional entrepreneurship such as "field characteristics" and actor`s social position". According to this theory, field characteristics enable actors to act as institutional entrepreneurs, but not all the actors have the same perceptions of the field (Kodeih and Greenwood, 2014), and this difference in perception is conditioned by the social position they occupy in the field, meaning also that this position in the field conditions the access to the resources that they have.

There are contradicting studies on which are the positions that actors and organisations occupy in the field that have the highest likelihood of success in bringing the institutional change. Many of the empirical research focused on the actors and organisations at the periphery of the field, as well as on the emerging fields, with the idea that due to the favourable conditions that these environments offer, they are more likely to enable the change (Maguire et al. 2004; Lawrence and Phillips 2004). As the

stakes are high, the effort that institutional entrepreneur puts would be more significant, which would most likely result in bringing change to the existing structure (Haveman and Rao, 1997). Another important aspect is that emerging field has a lower degree of institutionalisation, which means that competing logics would have more success in obtaining the divergent change. (Hensmans 2003; Rao et al. 2000; Seo and Creed 2002).

When it comes to the centrally positioned actors, Rao et al. (2000) state that "when organizational fields are fragmented and lack a clear centre of power, elites are disorganized and possess little influence to change the system. Additionally, elites are also unlikely to have the incentives to be pioneers and join a collective enterprise on the 'ground floor'. Instead, elites are more likely to act as fast followers. Even when there is consensus about the need for structural innovation, there may not be an infrastructure to propagate and diffuse the innovation in question".

More recent studies show however that the divergent change can be initiated by the centrally positioned, embedded actors in a mature field (Greenwood and Suddaby, 2006; Sherer and Lee 2002) and that "institutional entrepreneurship by central organizations has a higher probability of resulting in institutional change than do similar efforts by peripheral organizations" (Greenwood and Suddaby, 2006). Institutional theory assumes that centrally positioned actors in the dominant field have the capacity to bring divergent change, due to their characteristics, such as social position (Batillana et al. 2009) social skills (Fligstein, 1997), political skills (Garud and Kumaraswamy, 2002), etc.

However, in the conditions of uncertainty, the literature informs that they are expected to exhibit sensemaking behaviour. Meaning that they are neither following the routines

nor taking strategic actions, but rather trying to understand the new situation and which are further actions to take in order to limit the uncertainty (Dorado, 2005).

For actors to be prone to become change agents, Greenwood and Suddaby (2006) find that organisations in which they are embedded need to occupy "boundary-bridging location" in the field, that exposes them to "institutional inconstancies and their awareness of alternative arrangements", otherwise they would not be motivated to challenge the dominant logic.

Many studies, assume that the centrally positioned actors in a field possess legitimacy (Fligstein, 1997; Maguire, 2004; Durand and McGuire, 2005, Rao et al. 2000) and that "entrepreneur`s actions and values are viewed as consistently congruent with the values and expectations of the larger environment" (Leca et al., 2008). It is through legitimacy that actors obtain necessary resources and therefore secure further their position within the field (Walker et al., 2014). The institutionalisation is not possible without legitimation, but it is still unclear what types of legitimations exist, what is their hierarchical order and who can confer them (Deephouse and Suchman, 2008).

There are not many studies clarifying the position of field actors and the institutional context, and how combined they bring divergent change (Emirbayer and Mische, 1998; Batillana et al. 2009) and more importantly "how actors bring change when faced with situations of uncertainty" (Dorado, 2005).

This research addresses these questions and shows how the situation of uncertainty affects the dominant actors and deprives them of legitimacy and also how in these conditions they are able to act as institutional entrepreneurs and bring change to the mature field in which they are embedded. It introduces the concept of *transfer of agency*

that is used to shift the dominant discourse in the field by enabling a periphery actor with more societal legitimacy.

The paper identifies two broad questions that still haven`t been answered.

Research Question 1: What are the conditions in mature, highly institutionalised field that prevent centrally positioned actors to act as institutional entrepreneurs?

Research question 2: How can centrally positioned actors in mature, highly institutionalised fields overcome the problem of legitimacy and act as institutional entrepreneurs?

METHODOLOGY

To answer the research questions the empirical study gives insight into a small, non-profit organisation called Blueprint for Better Business that is registered as a charity in London since 2014. It only has 5 members of the team but works with large multinational companies in redefining their sustainability strategies and helping them become purposeful organisations.

Research design

To understand socially constructed processes that are occurring in this environment the research was designed as longitudinal case study. The methodology of the research follows the advice of Daft and Lewin (1993) who suggest that when exploring the new forms of organising, the research should observe midrange phenomenon. In following this suggestion, the study focuses on the aspect of a specific process of agency transfer in institutional entrepreneurship and the conditions under which it occurs and explains this new phenomenon.

The primary research site was the organisation called Blueprint for Better Business, located in London. The organisation was helped to be created by well positioned individuals, most of whom CEOs in various businesses and financial institutions. Close contact with the organization allowed for the full access to the data collection.

From the empirical evidence presented through diversified data sources (Eisenhardt, 1989) the research builds a theory through 4 propositions.

Data Collection

Data has been collected through interviews, observations and archival material in the period of time from 2017- 2022. A series of semi structured interviews were done, totalling 12 hours and 30 minutes. The first interviews were done with the founders of the organisation, while the others followed upon their recommendations. Contemporary, meeting observations and meeting minutes analysis was done for 20 meetings, which helped understand the current dynamics within the organisation and relationships the organisation has with external actors. Also, 123 internal documents have been analysed, as the organisation gave full access to all the documentation in their possession (agreements, plans, budgets, meeting minutes, best practice guidelines, training programmes, publications, etc.). Five video registrations of the entire conferences, organised since the inception of the organisation in 2012 until 2016, were analysed as a testimony of the development of the organisation from its early beginnings, which alongside the insight into the documentation helped validate the process of interviews and reiterate them with more focused questions when needed.

Data Analysis

Although the data collection started with the initial idea of analysing the organisational field emergence, as that was the most evident concept in the initial talks with the organisation, once the interviews started it became clear that there was a concept that preceded the institutional field creation, which was related to the inception of the organisation. The emerging concept was institutional entrepreneurship, which is highly related to the concept if institutional field, however the new phenomena was becoming obvious and so distinct from the research on the institutional field that it deserved to be given it more attention and explored further through additional interviews and archival data analysis.

Looking at the common themes, the new phenomenon emerged that was not yet described in the literature. It showed that in time of crisis the centrally positioned actors in a mature field under certain conditions can act as institutional entrepreneurs. The research labels this process as *agency transfer*.

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CASE STUDY CONTEXT

The 2008 financial crisis started from the housing market crash, the American dream to prosperity was home owning, which was sustained by the Federal policy backing the

mortgages. This allowed for many to borrow without any proof of income or assets. The debt created in a decade grew so high that was topping the debt ever created in the United States recent history (Financial Crisis Inquiry Commission, 2011). The inability for many to pay the debt led to collapse of banking sector and in 2008 the U.S. Government through Treasury and the Federal Reserve started to bail out some of the banks, considering them "too big to fail" (Stern and Feldman,2004). The economy was left in need of capital, which led to a worldwide economic crisis.

In the eyes of the general population, banks were perceived as greedy and self-serving institutions that were directly to blame for the state in which economies, and consequently, also societies found themselves in the years following the 2008 economic crash.

According to the Edelman Trust Barometer in 2009, the situation regarding the public trust in financial institutions and business in general has significantly declined in comparison to a prior year. In the United States, 77% of respondents stated that they trusted less in business than they did just a year before, in 2008 (Edelman Trust Barometer, 2009). Those who showed trust were down 20 points from 58% of the respondents from the previous year when business was perceived as force for good. This result was "the lowest in the Barometer's tracking history among informed publics ages 35 to 64— even lower than in the wake of Enron and the dot-com bust" (Edelman Trust Barometer, 2009). It was the banking sector that experienced that highest decline in trust to only 33% of the respondents age 35 to 64. The situation was similar in Europe, with the difference that the trust in business declined a year before and stayed that way in the UK, France and Germany, recording only 36 % of positive response among the cohort.

As a result of lack of trust, the Edelman Trust Barometer Report (2009) indicated that there were increasing calls for business to be more regulated, especially in the western world, which was in stark contrast to what capitalism stood for. Another important finding was that the society felt that business needed to step up and help governments and non-profit organisation in solving some of the world pressing issues, "such as energy costs, the financial credit crisis, global warming, and access to affordable healthcare" (Edelman Trust Barometer, 2009).

Particularly unpopular opinion was casted on business leaders as representatives and main decision makers as less than a third of the population saw them as credible. In the United States the situation was particularly severe, many of the CEOs had a very short tenures, and the general trust in them was at 17% of respondents, while outside experts remain the most trusted conveyors of information about a company, with 59% of 35-to 64-year-olds saying "an academic or expert on a company's industry or issues would be extremely or very credible" (Edelman Trust Barometer, 2009). These data are very indicative of what was the sentiment in the society following the crisis.

In 2009, Pope Benedict XVI published an encyclical letter called Caritas in Veritate (Charity in Truth), in which he talks about the economic crises and addresses the lack of trust saying that "if the market is governed solely by the principle of the equivalence in value of exchanged goods, it cannot produce the social cohesion that it requires in order to function well. Without internal forms of solidarity and mutual trust, the market cannot completely fulfil its proper economic function… It is in the interests of the market to promote emancipation, but in order to do so effectively, it cannot rely only on itself, because it is not able to produce by itself something that lies outside its competence. It must draw its moral energies from other subjects that are capable of generating them. Economic activity cannot solve all social problems through the simple

application of commercial logic. This needs to be directed towards the pursuit of the common good, for which the political community in particular must also take responsibility" (Xvi, B. 2009). The Pope in his work does not accuse businesses, but rather inspires them to reconnect with the society in which they operate and calls for them to act in ethical manner. In his invitation for rebuilding the economy he states that each business activity must contribute to humanity in order to create common good. And the way to do that, he suggests, might be through a collaboration with non-profit sector.

This encyclical letter has served as an impetus to the vice chairman of one of the world largest banks, which was severely struck by the financial crisis, to contact the Archbishop of Westminster in London and ask for help in starting a new discourse about the role of business in society among business leaders.

"I've just read this document which has been produced by Pope Benedict "Caritas in Veritate" and I think this is the best ethical analysis of the financial crisis that I've read and it's very powerful. And you and the Church should use this to have a dialog with City leaders because they know that everything is going wrong, and they don't know what to do about it."

 The Archbishop agreed to hold a meeting and sent out the invitations, calling the event "Leadership in the financial sector, a moral and a spiritual challenge". The meeting was held behind closed doors and only six chairmen of large banks participated. The discussion they had was around issues such as moral dimension of the crisis and the erosion of legitimacy business leader were experiencing. On a more positive note, they concluded that the situation offered them an opportunity to establish a new discourse around principles in business against which they should be held accountable.

Following a series of meeting with the Archbishop, the discussion was getting traction and more business leaders joined, resulting in a letter published in The Financial Times in 2010 that was signed by 17 business leaders in London. In the letter they addressed the problem, which they identified as a common practice in the industry, of asking only one question: "Is it legal and profitable?" and called other financial institutions to distance themselves from such behaviour and to affirm their social purpose.

Although the letter didn`t provoke any major event in the industry, the meetings with the Archbishop continued for some time resulting in the establishment of a group within an existing Trust within the Catholic Church in 2012, called A Blueprint for Better Business. This process was seen as slowly moving away from Being associated with the Church, although the the Catholic Social Teaching that was embedded in the encyclical that was the catalyst for the conversations with the banks would continue to have an important role to this day within the organisation.

"So, it's a sort of process of birth if you're like, moving away (from the Church). The Archbishop was kind of a midwife if you like…" In 2014 a new trust was created with the idea to be independent, with a focus on the largest companies and their leaders who would sustain the change in the discourse on what is the purpose of business. This novel organization was moving away from what the corporate social responsibility meant till that moment.

DISCUSSION

In this section, the paper discusses two research questions outlined at the beginning. The first research question addresses the condition under which central actors in mature

fields lose their legitimacy, and the second question focuses on the possible ways in which actors can bridge this gap and act as institutional entrepreneur.

What are the conditions in mature, highly institutionalised field that prevent centrally positioned actors to act as institutional entrepreneurs?

The literature does not describe the lack of legitimacy as one of the preventing conditions under which central actors in the highly institutionalized field are debilitated to act as institutional entrepreneurs. However, the literature presents many of the conditions under which these actors in the field would act as institutional entrepreneurs.

What is often considered as a first step in institutional change is a contextual change (Barley and Tolbert, 1997). This sends a signal to the actors to recollect the resources needed for challenging the dominant logic. Without a contextual change the actors would have no motivation to act towards a change (Garud et al., 2007) and most often they would continue operating through repetition.

One of the contextual changes can be a social tension (Fligstein, 1997,2001; Brattström et al., 2019), that can serve as a triggering moment for institutional change. These tensions usually occur when there are market failures or political crisis, creating possibilities for action. During this time, socially diverging behaviours start to be more prominent and to occur over longer period of time (Rao et al. 2000). Also, during the period of social tensions, elites are more disorganised and lack the capacity to change the system. The literature often finds that the elites, which are the centrally positioned actors in a field, are less likely to initiate a change as they have no incentive to do so but rather be a "fast follower" (Rao et al. 2000). Most of the studies, when considering

mature fields, associate them with the stability (Greenwood and Suddaby 2006) while high level of uncertainty is a characteristic assigned to emerging fields (Maguire et al., 2004, Lawrence and Phillips, 2004, Battilana et al., 2009).

However, this study shows that not long after the crisis hit the world, a group of managers gather around the same purpose, with an idea to restore trust. They saw the crisis as an opportunity to act as institutional entrepreneurs and offer a new discourse in the field of banking and finance. This means that centrally positioned actors in a mature field are capable of recognising the need to change the dominant logic and organise themselves to actor upon it. Although the need for institutional change was exogenous in nature (Holm, 1995; Scott, 2013), the change itself was endogenous as it was being shaped through internal process within the organisational field.

"The crisis of 2008 was not really a financial crisis but a crisis of ethics, but probably the best crisis we ever had, because these important discussions about the purpose of business would not be taking place had the crisis not happened. We certainly need to make use of that to get back to the basics."

Another important inconsistency with the literature that this study finds is that the uncertainty can trigger institutional entrepreneurship in a moderately institutionalised field, while highly institutionalised fields are "opportunity opaque" (Dorado 2005). In "opportunity opaque" environment the actors in the organisational field do not have many opportunities for becoming institutional entrepreneurs since they would find themselves in a very difficult position obtaining access to the necessary resources. The only possible choices the actors in highly institutionalized fields have is either to adapt or adopt sensemaking (Dorado 2005) that would lead them back to the situation prior to the uncertainty.

The empirical data show us that during the initial meeting between the managers and the Archbishop there was a convergence of managers around the same idea. They recognised that that was a unique opportunity to have that kind of conversation and they asked the Archbishop to mediate more of these encounters. The Archbishop, in this situation, represented a pulling power for the others to join the group, but once the group was formed they realised that they had ideas in common and jointly concluded that something valuable could come out of these meetings. The managers eventually learned that although the Archbishop was the uniting force, the change in the discourse was their idea and that can be helped and facilitated by someone from outside of the organisational field but eventually will have to be sustained by them, meaning that was endogenous in its nature.

The following step was to address the society, and more specifically other managers. They proceeded by publishing an open letter in the Financial Times in 2010. The intention was to pledge excellence and integrity in providing services and to call all other financial institutions to act in the same way. The letter was co-signed by seventeen executives and chairmen of financial and consulting institutions, which were considered to be leaders in the sector. Some of the signatories were the Chairman of Barclays, Chairman of JP Morgan, the Co-CEO of Goldman Sachs, the Group Chairman of HSBC, Managing Partner of Ernst&Young, Managing Partner PriceWaterhouseCoopers and others.

Despite the high profile and social status of the signatories, their public call for change of the dominant logic in the organisational field did not find success, nor many other executives joined the discussions after that.

What I argue here is that the actors in a mature field were presented with the crisis to which they responded proactively, searching the ways to start changing the dominant

logic from creating profit at any cost to logic of ethical behaviour. Their actions, although stimulated by the exogenous factors, were endogenous in nature. Despite their centrality in the organisational field, their high profile did not attract further movement because they were perceived as embedded in the organisational field and therefore unable to act differently from the dominant logic.

Proposition 1. Dominant actors in a mature field are capable of recognising the need to act proactively in times of crisis and uncertainty, however it is the perception of embeddedness that prevents them to act as institutional entrepreneurs and bring radical change.

To act as institutional entrepreneur, it is necessary to have legitimacy. It constitutes one of the tree intangible resources along with social capital and formal authority (Leca et al., 2008). Legitimacy has been identified as an important source for an institutional entrepreneur (Battilana, 2006, Ashforth & Gibbs, 1990; Greenwood et al., 2002; Suchman, 1995; McGaughey et al., 2016) "because it enables an entity to obtain necessary resources, reduce uncertainty, and ultimately enhance survivability" (Walker et al., 2014)

Rao et al. (2000) find that actors have a power to mobilize legitimacy when they are capable "to frame the grievances and interests of aggrieved constituencies, diagnose causes, assign blame, provide solutions, and enable collective attribution processes to operate ". Deephouse and Suchman (2008) define legitimacy as "socially constructed" that "emerges out of the subject's relation to other rules, laws, norms, values, and cognitive frameworks in a larger social system", it is a "a generalized perception or

assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system" (Suchman, 1995).

It is however mostly in emerging fields that actors are able to act as a promoter of a new discourse if they previously prove their legitimacy (Koene, 2006), which then serves them for obtaining other resources (Zimmerman and Zeitz, 2002). But the literature mostly referrers to gaining legitimacy, since both actors and endeavours that they are engaging in are new and therefore need to obtain acceptance and validate themselves through that acceptance (Suchman, 1995; Kodeih and Greenwood, 2014). However, as previously stated this refers to emerging environments.

The data from the case study shows us that the actors in highly institutionalised field who lost their legitimacy due to the economic crises were dealing with the problem of repairing legitimacy. Unlike gaining legitimacy, which is a proactive activity, regaining legitimacy is a reactive one (Suchman, 1995), meaning that the managers had lost the support of the wider society that they once held and needed to win it back.

One of the attempts in regaining legitimacy was to organise the conference in 2010, that would be held under auspices of the Lord Mayor. The idea of the conference was to restore the relationship between the banks and the society in ordered to renew "the licence to operate". This conference was supposed to demonstrate the commitment of the managers to acting ethically in the future, as well as their willingness to be held accountable for future behaviours.

Another important aspect of this activity is that the conference was also supposed to serve as a feedback opportunity where they could learn more about the ways to restore their legitimacy and what were other expectations of the society.

"Given the pivotal role banks play in the lives of every citizen, they must be granted a licence to operate from society, and this licence must be based on a foundation of trust. This has been severely eroded."

Although the meetings with the Archbishop were described as cathartic experience, other actions taken didn`t bring further results. The emerging question was if there was a possibility to change the system with the people who were implicated in the first place. This led managers to a thinking that there should be an independent organisation, whose legitimacy would not be put into question, to help them in leading the change of the dominant discourse.

I argue here that if organisational field finds itself in crisis it is difficult to decouple it from the centrally positioned actors, because of the influence they mutually exert and the shared logics that are often difficult to substitute with the new ones in a mature field (Seo and Creed, 2002). In this situation, the centrally positioned actors are delegitimized as they are equated with the dominant logics that created the situation of uncertainty and crisis, and as such they are debilitated in acting as institutional entrepreneurs.

Proposition 2: Institutional field that is in crisis delegitimizes its centrally positioned actors, preventing them from acting directly as institutional entrepreneurs.

How can centrally positioned actors in mature, highly institutionalised fields overcome the problem of legitimacy and act as institutional entrepreneurs?

The creation of network is of the utmost significance in organisational field. The stratification of a field (Beckert 2010) directly impacts the level of power an

institutional entrepreneurs can enact, and the alliances he can create. It is difficult to achieve divergent change in an institutional field without support. It is likely that institutional entrepreneurs will seek alliances in forms of networks, and that they would not act alone (Battilana, 2006), as formation of partnership would increase probability of success (Greenwood et al., 2002). To gather the alliances needed for the change action, institutional entrepreneurs first need to articulate the dominant discourse that they are going to use, in order to attract others to join the network. (Battilana et al. 2009).

"The present difficult situation offers opportunities for the leaders of banks to work together for real change, and to state the principles by which they wish to be held to account."

In emerging fields, it is often necessary to have political alliances along with the adequate discourse in order to mobilize others (Rao et al. 2000). To secure success, this often means that actors who act as institutional entrepreneurs have support in the elite structures of a society. This serves to secure that the change will be widely accepted in a society, especially if it is endorsed by the political structures (Rao et al. 2000) and transformed into a social norm. According to Baum and Powell (1995) "contemporary organizational forms rarely operate in isolation from the state" and therefore the political structures can transform new logics into norms, legitimizing them through that process.

However, in the case of highly institutionalised field such as the financial sector, this study observes that the actors seek to avoid transforming their discourse into a norm for the reason they believe would lead to repetitive actions, which is one of the characteristics of a mature field, and therefore wouldn`t produce new actions nor a true

change in the discourse. This means that any new regulation would lead back to a behaviour of compliance, which was one of the logics embedded in the field that was at the core of the crisis. The managers expressed their concerns that translating new narrative into the norms would prevent having an engaging relationship between business and the society.

"The growth in regulation is another symptom of a pervasive lack of trust, not only in financial services."

Another reason for which institutional entrepreneurs might seek political acceptance is that it represents one of the preconditions for obtaining the resources (Di Maggio 1988). This is especially true in emerging fields as institutional entrepreneurs need to validate themselves through association with powerful actors and with their help translate the dominant logic from the emerging field into the mainstream.

In this case the dominant actors did not lack the resources, whether those where financial resources, social capital or knowledge. Therefore, with use of the resources in their possession the managers addressed the lack of trust by starting to frame the issue (Rao et al. 2000) around which they would mobilise the alliances.

Once again, opposite of what literature suggest, the data show us the reverse process in which the elites, who were centrally positioned in the field seek to mobilise the periphery actors for their cause. They did this through sustaining the establishment of a Trust that would further act as an independent body and help mobilise other centrally positioned actors through a new discourse on what should be the purpose of business

beyond profit. In 2012, the group was launched within an existing charitable Trust with a mission to repair the breakdown of trust between business and the society and help other businesses improve their practices.

> *"There was a need for an initiative that comes from society rather than from business, independent and informal catalyst to bring organisations from different fields together."*

The Group encompassed these divergent ideas into a document called "The Framework". This document is as a visual representation and a simplified map for all the actors who wish to join the discourse (Phillips et al., 2004) and adopt the new logic. It served as a tool to move forward in attracting others to join the conversation on the emerging logics.

 The subsequent independent Trust specifically states that the aim of the framework is to:

1. "(help organisations) Formulate and commit to a corporate purpose, beyond that of solely making a financial return" – *change the dominant discourse*

2. "To identify and embed the behaviours needed to be true to that purpose". - *establish new behaviours*

3. *"Develop an ethos of transparency to demonstrate that alignment" – re-establish legitimacy*

Although the networks play important role in institutional entrepreneurship and help achieve divergent change more easily and with less costs, I argue here that actors in mature field need to make strategic choices when forming networks for achieving impact. Despite the fact that alliances with political elites in many cases validate the

actors (Citrin and Stoker, 2018; Saka-Helmhout, A. (2020) and the actions they are taking by transforming them into norms, the study finds that in the case of highly institutionalised field it can be counterproductive and lead back to a previous type of behaviour, without genuinely changing the dominant behaviour. However, the alliance with a periphery actor in an emerging field, which is less structured and easily permits for new logics to emerge, would have a higher possibility of achieving a divergent change (Leca et al., 2009) and help them create shared system of meaning (Garud et al. 2002).

Proposition 3. Centrally positioned actors in a in a highly institutionalised field who want to achieve radical change seek the alliances with periphery actors in the emerging field, rather than with political elites which would institute overregulation and the behaviour of compliance.

For all the activities that are needed to support the implementation of the divergent change, actors need to obtain resources. One of the resources is power, which according to Levy and Scully (2007) can be "relational, systemic and dialectical" and that is what they define as strategic power. The actors due to their experience or their practical wisdom and intelligence (Emirbayer and Mische,1998) can recognise the emergent situations and decide what resources to use in order to influence organisational field change.

The data show us that the managers were aware of importance of employing their social capital above all, in order sustain the activities of the newly established Trust. The social capital serves actors to attract others and form allies, facilitating the exchange of information (Battilana et al. 2009).

It is usually a characteristic of centrally positioned actors to have a strong social capital (Phillips et al. 2004). Therefore, in the first years of operating, the Group was mostly focusing on organising large conferences for the business community. The first conference was organised in 2012, and among speaker were other centrally positioned actors in the organisational field, such as the global managing director of McKinsey, the CEO of Unilever and the CEO of Vodafone etc. What is highly uncharacteristic for a very small, newly established, non-profit organisations, described in literature as as a peripheral player (Leca et al, 2009), is to convene large scale, high-profile gathering of over two hundred people. This result was the demonstration of the social capital that the initial group of divergent actors possessed. The conferences would repeat in 2013, 2014 and 2016 always gathering large number of attendees from the business community.

"Then the fortunate thing is the connections we have as people, as businesspeople and the Archbishop, out of nowhere we've got 200 people come to a conference."

Another important resource beside social capitals that demonstrates the strength of the informal network among actors (Battilana et al. 2009) and without which the activities would be brought to a halt were financial resources. These activities were costly and could not be sustained by the non-profit organisation itself, nor was the organisation well established in the society to be able to obtain donations of that amount from the conventional donors. Due to their centrality in the field the initiating actors among other resources were in possession of financial resources as well, which several of them decides to use and support the conference from their private funds.

"Four or five of us funded it from our personal funds because it was a good thing to do".

Previous studies (DiMaggio and Powell, 1983; Magurire et al., 2004, Phillips et al. 2004) shows us that having formal authority or having strong connections to formal authority can promote divergent change. Despite having a formal authority these actors could not bring divergent change by themselves as their position was delegitimized. The alternative option they employed was to build alliances with other actors who could bring the change. They engaged in tacit coalition building and close interactions with a newly established Trust (Perkmann and Spicer, 2007), sustaining them with their social capital and financial resources.

Another form of capital the initiating actors had was knowledge (Beckert,1999) that they put in use. The Framework, the document that the Trust was using as an operational tool in attracting allies in challenging the dominant logic, was first tested in Unilever. The CEO of Unilever, although appreciated the ideas that the Framework was transpiring, was afraid that it was too philosophical for the business community and committed to further adapting it within Unilever and making it more accessible to businesses. The working group was established and devoted their time and knowledge in adapting the Framework for nine months. After this period, the working group was enlarged to include civil sector organisations, other businesses and media which would bring larger perspective and help addressed other issues which were relevant for their respective industries. This new working group continued its work for another six months. The scope of the group was also to understand the future of the Trust, and under which conditions it should operate. Questions such as: should it be a compliance organisation, or should it be completely independent form the corporations, emerged. The working group produced what would become a leading document of the Trust,

which was in line with the Framework. This new document, called "Five Principles of a Purpose Driven Business" puts the idea of purpose in the centre of long-term sustainable performance and gives the companies a simplified map of steps necessary to take in becoming purpose driven.

Once these documents were finalized, the initiating actors made an effort in promoting the Trust and its principles in various ways. One example of such type of activities was in 2013 when the CEO of Unilever took the Principles to a conference in Davos and presented them to other leaders in the business community. Many of the initiating actors stayed to collaborate closely with the organisation, some as senior advisors to the organisation while others served on the board of trustees, both helping the organisation develop further.

I argue that due to the crisis in the mature field and the weak position of central actors who were delegitimized by the position they occupy in the field, they needed to transfer the resources to the emerging actors. This way the emerging actor was empowered to act as independent, legitimate organisation with enough resources to bring the divergent change into the dominant discourse. With this I introduce a new concept in the literature on institutional entrepreneurship, *agency transfer.* The aim of the resource transfer was to provide emerging actors with agency in order to challenge the dominant discourse and create a new organisational field. In this circular process through the engagement with a newly established organisation the initiating agents would regain the legitimacy within the field and help bring the divergent change.

Proposition 4. Centrally positioned actors in a mature field, who lack legitimacy act indirectly as institutional entrepreneurs through agency transfer to periphery actors in the emerging field.

CONCLUSIONS

The aim of this study was to look closely into the specific conditions of a mature field that can prevent dominant actors from acting as institutional entrepreneurs and change the conditions in the institutional field. The case study on a group of financial leaders examined how they acted as institutional entrepreneurs in the time of crises. One of the key aspects is that these conditions proved to be contrary to what literature describes, and it finds that the periods of uncertainty in a mature field delegitimizes centrally positioned actors, as they are perceived embedded in the field and led by the dominant logics.

 The study informs how centrally positioned actors can overcome the problem of delegitimization and still act as institutional entrepreneurs, bringing the change to the institutional field. It documents the type of alliances the actors need to make in order to succeed, finding that close collaboration with the periphery actors in the emerging field is needed. This leads to a problem of resources, which usually periphery actors lack to act towards divergent change and introduction of new institutional logics. This study makes a contribution by introducing a new concept of *agency transfer* that explains the ways in which centrally positioned actors bridge the problem of the lack of legitimacy by transferring the resources that are in their position to the allies in the emerging field.

The study contributes to the literature in two ways. It shows that centrally position actors in mature field do not act as institutional entrepreneurs only in the conditions of stable environment, but that they can act as institutional entrepreneurs also in times of uncertainty and crises. The other contribution to the literature is that it shows that when institutional entrepreneurs are delegitimized due to the conditions within the

organisational field, they cannot act directly but need to form alliances and provide the resources for the new actors, meaning that they need to transfer their agency to others.

The limitation of the single case study research is that it relies on a specific context and does not include wider scope of actors within the field. However, we believe it can be replicable in other spheres affected by uncertainty. The study opens the possibilities for future research regarding the role of agency in institutional change during turbulent times, more specifically, it opens the avenue for further research on trust rebuild during "disruptive technological, political, and societal changes that are affecting organizations" (Schilke, et al.,2023). We believe that this study can serve as a steppingstone in future research on a specific form of collaboration among different types of actors who combine their resources such as legitimacy with agency in order to obtain institutional change.

Figure 1- Coding

First-order categories   *Second- order themes*   *Aggregate Dimensions*

A. Crisis as opportunity

B. Moment to grasp

1. Recognising the need for action

C. Behavior of actors as well as the field itself

2. Perception of embeddedness

Specific conditions for

action in a mature field in

crisis

D. Breakdown of trust

E. Need for more ethical actions

3. Delegitimized position

F. Need for an initiative from a society

G. Need for an informal catalyst

4. Alliances with periphery actors in the emerging field

H. Overregulation doesn`t lead to true change in behavior

Specific way of acting as

institutional entrepreneur in a

5. Avoidance of transformation actions into norms

mature filed in crisis

I. Sharing social capital

J. Sharing financial resources

K. Sharing knowledge

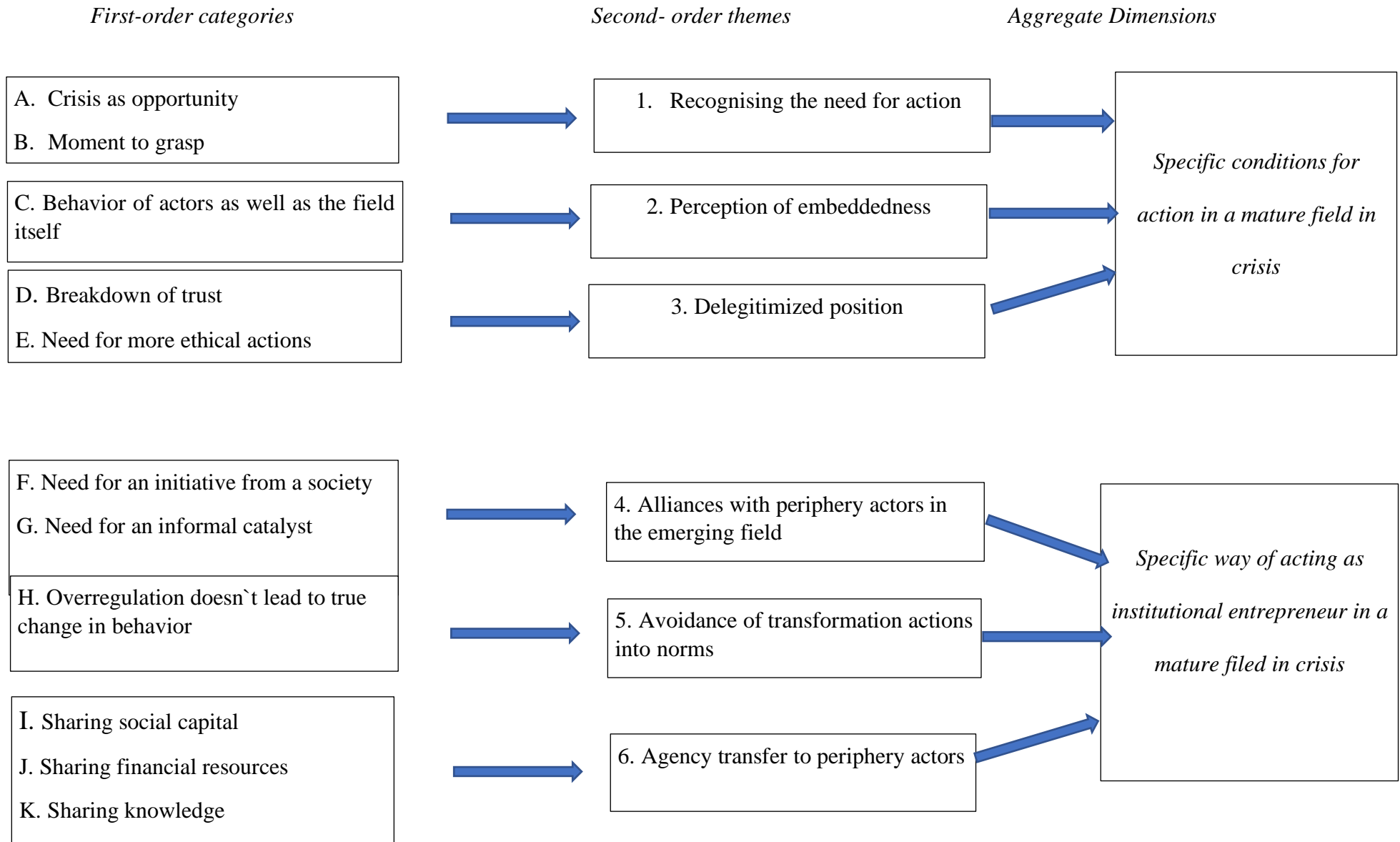6. Agency transfer to periphery actors

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Table 1 Themes and Categories

Second-order themes and first-order categories	*Collected Data*
1. Recognising the need for action	
A. A crisis as opportunity	A1. *"There was no doubt among participants that the culture of service has been eroded and conflicts of interest have worsened, but that the crisis also presents an opportunity."* A2. *"The present moment affords a good opportunity to raise ethical issues and engage a broad audience in a way that would have been very difficult prior to the crisis."*

B. Crisis as a moment to grasp	B1. *"The crisis of 2008 was not really a financial crisis but a crisis of ethics, but "probably the best crisis we ever had, because these important discussions about the purpose of business would not be taking place had the crisis not happened. We certainly need to make use of that to get back to the basics."*
2. Perception of embeddedness	
C. Behaviour of actors as well as the field itself	C1. *"While Boards might espouse the highest standards, the public will not necessarily believe it."* C2. *"You can make a commitment, you can be baptized, but it's constantly a challenge to actually live in coherence with this."* C3. *The present difficult situation offers opportunities for the leaders of banks to work together for real change, and to state the principles by which they wish to be held to account."* C4. *"The corporate leaders felt the need to reinvent the business."*

3. Delegitimized position of central actors	

D. Breakdown of trust	D1. *"Economic crisis was huge challenge for the industry as on societal level and there was a breakdown of trust and a need for change."*
E. Need for more ethical actions	E1. *"Today, banks need to state and renew their contract with society and to marry this with concerted action to renew and reinforce strong ethical cultures."*

4. Alliances with periphery actors in the emerging field	

F. Need for an initiative from a society	F1. *"Given the pivotal role banks play in the lives of every citizen, they must be granted a licence to operate from society, and this licence must be based on a foundation of trust. This has been severely eroded."* F2. *There was a need for an initiative that comes from society rather than from business."*

G. Need for an informal catalyst	G1. *"Independent and informal catalyst to bring organisations from different fields together."*

5. Avoidance of transforming actions into norms	

H. Overregulation doesn`t lead to true change in behaviour	H1. *"Legal contractual agreements once three or four pages long are now 200 pages in length. "* H2. *"The growth in regulation is another symptom of a pervasive lack of trust, not only in financial services."*

6. Agency transfer to periphery actors	

I. Sharing social capital	I1. *"Then the fortunate thing is the connections we have as people, as businesspeople and the Archbishop, out of nowhere we've got 200 people come to a conference."*
J. Sharing financial resources	J1. *"Four or five of us funded it from our personal funds because it was a good thing to do"*.

K. Sharing knowledge	K1. *"The framework and no one agree with this, but the framework was created,as a part of my insistence as we cannot have a conference about theory. We have to have a conference about something we can present to be challenged because businesses are very good at challenging something but not very good with blank pieces of paper."*

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Role of Interstitial Spaces in Field Creation

From a new discourse on purpose of company to an institutional field creation

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INTRODUCTION

Organizational field is one of the most prominent constructs in neo-institutional theory as it helps understand institutional processes as well as organizations (Scott, 2013). The early definition of institutional fields by DiMaggio and Powell (1983) sees organizational fields as an aggregate of organizations and actors that constitute an established area of institutional life, such as suppliers, consumers, regulatory bodies, producers of goods and services, etc.

The early research on organizational fields perceived these fields as static, gathered around the same ideas, similar technologies and strong ties between actors (Wooten and Hoffman, 2008), attributing the similarities to "coercive, mimetic and normative" processes in which organizations often try to respond to social expectations or to "model themselves after similar organizations that they perceive to be more legitimate or successful", as well as to achieve higher degree of professionalization (DiMaggio and Powell, 1983), which leads to institutional isomorphism.

Viewed in this way it can be said that institutional fields exercise pressure on organizations to conform and on actors to become embedded in the field (Zietsma et al., (2017). However, this stance was questioned by later research (Faulconbridge and Muzio, 2021), asking how fields can change in highly institutionalized contexts. What emerged was a new perception of organisational fields, where organizational fields do not have to be gathered around the same industry, technology nor market, but they can also be formed around a specific issue that is relevant for a group of organizations (Hoffman, 1999). Viewed in this way, Hoffman (1999) describes organizational fields as spaces in which "multiple field constituents compete over the definition of issues and the form of institutions which will guide organizational behaviour. Institutional beliefs and perceptions are influenced by this field level competition but situated within individual organizations or populations of organizations". Scott (2013) defines organizational fields as a system of organizations and individuals that has a common meaning system and whose participants are connected through this system that establishes a base for their interactions. These organizations and individuals usually start to gather infrequently but as the field gathers momentum the collaborations become tightknit (Lampel and Meyer, 2008).

There is not enough explanation in literature on how actors from different institutional fields can gather in a common space at the interstice of these fields to discuss common issues and what role this interstitial space plays in institutional field creation. However, the literature indicates that the mechanisms for the creation of an organizational field need to "(1) enable increased interaction and communication among field constituents; (2) provide field participants with a sense of being interested in a set of common issues; and (3) facilitate structures of dominance, (4) allow for the transformation of capital within a field" (Anand and Jones, 2008).

This research investigates how participants from diverse institutional fields can create a common meaning system that can further lead to field creation. The research builds on the theoretical model of Furnari (2014) that describes interstitial spaces as generators of new practices. The analysis of this case study finds that when certain conditions are met, an interstitial space can lead to creation of an institutional field while new practices and rituals serve as a tool.

The context of the case study shows us how the institutional crisis led to change in collective consciousness and finally to institutional change (Seo and Creed, 2002). This is important as it gives the contextualization of the theory that this research investigates, also the qualitative method provides "understanding of the implications of those contexts" (Garcia and Gluesing, 2013).

THEORETICAL CONTEXT

Fields do not necessarily have to be a place of stability, it can also represent a space in which actors compete for power, resources, meanings, and boundaries (Bourdieu, 1975). "Field boundaries delineate where the limit of one field metaphorically touches the limits of another" (Bell and Haugh, 2015). The boundaries of an emerging organizational fields "are often vague or weak, allowing alternative logics to penetrate and support divergent models of behaviour" (Scott, 2005), while once the institutionalization process is over institutions become less responsive to the external environments and contradictions start to build up, leading to a conflicting situation between isomorphism and divergent interests (Seo and Creed, 2002).

Issue fields are considered as temporary (Hoffman, 1999, Wooten and Hoffman, 2008), until the shared interested is relevant among the field actors. In these settings actors, not necessarily from the same field, meet periodically, exchange ideas and information and form social networks (Lampel and Meyer, 2008). Issue fields are easier to change due to existence of multiple logics, also, they are not highly subjected to regulation, nor to isomorphic pressures (Quirke, 2013) which allows for a change to come from within a field (Schneiberg, 2013).

Viewed as relational spaces, the important position in the field should be allocated to change agents who act within these fields and the relationships and networks they build among themselves (Wooten and Hoffman, 2008) and their *identity aspirations* (Kodeih and Greenwood, 2014). These collaborations among actors can change the organizational fields and lead to establishment of new institutions, especially in the situations in which the actors are highly embedded in the organizational field and the interactions among them are highly engaging (Lawrence, Hardy, Phillips, 2002).

Most common classification of institutional fields is on mature and emerging, or exchange and issue fields (Zietsma et al. 2017), what distinguishes them is the purpose they have, the flexibility of the boundaries around them as well as type of actors who populate them and the relationships that they have among themselves (Zietsma et al. 2017). For this research, particularly are important emerging or issue fields that are driven by an emerging topic that bridges different fields and unites actors around the same logic.

Zietsma et al. (2017) distinguishes several different sub-types of organizational issue fields. However, what they find common for all the issue fields is that their goal is to establish meanings

and practices that will be translated to multiple fields. The actors who participate in these fields usually come from different organizational fields and for that reason they might perceive the issue from different perspectives which makes these fields more dynamic. The subtypes they (Zietsma et al. 2017) identified are 1) Competitive issue fields, which aim is to challenge mature field, especially its meaning and practices, 2) Interstitial issue fields in which members from different fields interact with one another due to the fact that the issue of common interest overlaps in these organizational fields , and 3) Bridging institutional fields, that are similar to interstitial fields but have clearer boundaries and are long lasting in duration.

For this study of particular interest are interstitial issue fields. Rao et al. (2000) define interstice as "a gap between multiple industries or professions and arises when problems or issues persistently spill over from one organizational field to another". Actors coming from different fields bring different elements, which can be competing at times, into a common space (Zietstma et al. 2017). Here, actors need to legitimize their position in social space through "the establishment of professional organizations and various symbolic, cultural, and normative boundaries" (Rao et al. 2000) in order to obtain wide adoption of newly established practices, that would further lead to changing the dominant narrative and reconfigure the institutional context by creating new organizational forms that compete with and modify existing forms (Rao et al. 2000; Faulconbridge and Muzio, 2021). This process is more negotiable than the process of change in mature fields, as, due to its emerging nature, it is more ambiguous in what concreate plans are and what are the ways to implement those plans, making the borders of an interstitial issue field absorptive to other logics (Zietsma et al. 2017).

This study`s theoretical focus is on issue fields as it analyses how interstitial issue fields forms, and builds on Furnari`s (2014) previous theoretical work on interstitial spaces.

As mentioned previously, there are different types of fields possessing specific characteristic and actors as a result of the specific conditions under which they emerge. In a mature, highly institutionalized field, a level of structuration is one of the key criteria for field emergence, meaning that fields emerge when there are "shared rules and typifications that identify categories of social actors and their appropriate activities or relationships" (Barley and Tolbert,1997). These fields need to be institutionally defined, there needs to be a close interaction among actors who share information on a regular basis and are aware of "common enterprise" (DiMaggio and Powell, 1983). Issue fields emerge through activity of social actors through framing and mobilizations around issues that relevant for them (Hoffman, 1999; Child et al., 2007; Levy and Scully, 2007; Zietsma and Lawrence, 2010; Faulconbridge and Muzio, 2021) and the interaction is often informal and is sporadic.

As Furnari (2014) notes, most of the studies on field emergence, whether they are mature or emerging fields, focuses either on "micro-level processed of field construction" or "macro-level structural factors". He calls for more attention in research regarding these micro-processes and how they interact with field structures. In his theoretical work on interstitial spaces, Furnari (2014) establishes the links between micro-interactions settings and creation of new practices. When bridging different organizational fields, these micro-interaction settings represent "interstitial spaces", "the small-scale settings where individuals positioned in different fields interact occasionally and informally around common activities to which they devote limited time" (Furnari 2014). For these interstitial spaces to be successful in creating new practices, there are two

conditions that need to be met, 1) there need to be interaction rituals and 2) a catalyst who assists in creating a shared meaning. When these conditions are met, Furnari (2014) argues that the genesis of new practices is possible, and these practices can be further 1) implemented in the fields where the actors are originally positioned or 2) can help in creation of a new field.

As the dynamics that lead to field creation and motivation for collaboration among actors are still topics that are under researched (Wooten and Hoffman, 2008), this case study analyses the emergence of an issue field on the interstice of multiple fields. Starting from Furnari`s assumptions on interstitial spaces as micro-interaction spaces, the case study examines a field creation through the interstitial spaces, applying the model of genesis of new practices (Furnari, 2014).

METHODOLOGY

The purpose of this study was to identify the process of issue field creation through interstitial spaces, testing Furnari`s previous theoretical work on interstitial spaces (2014) as generators of new practices and applying the model to the context through the case study analysis.

Although qualitative research is being less used for theory testing, I believe that this approach can shed some light onto processes that occur within and among organizations under specific circumstances, as each of these organizations is unique and interaction among them can vary. Above all, they are determined by socio- economic specificities which provides a context lens for this model.

The research investigates the theory with the aim to "help communicate it by showing its applicability, to illustrate and emphasize the key elements and relationships in the theory" (Doz, 2011). To analyse the social processes the research uses qualitative research method as an adequate empirical study. The research, like in the previous chapter, analyses a small, non-profit organization called Blueprint for Better Business as it represents a social space that this research identifies as interstitial space created by institutional entrepreneurs with a further scope to generate new practices.

Research design

To identify and capture the processes that led to issue field creation, the research was designed as a longitudinal case study as it "permits the grounding of observations and concepts about social action and social structures in natural setting" and " provides information from a number of sources and over a period of time, thus permitting a more holistic study of complex social networks and of complex social actions and social meanings" (Feagin et al., 1991). When testing a theory it is very important to consider "the interrelated nature and contextual relevance of multiple cultural influences on these change processes at multiple organizational levels. We gain a much richer, deeper and more nuanced understanding of many of the phenomena and issues under investigation by employing the more observational and human-centric techniques available through the use of qualitative methods" (Garcia and Gluesing, 2013).

The data for this research was obtained through interviews, observations and archival documents. The problem that can arise with longitudinal case studies is that the interviewees can have different recollections on past events, which can undermine their reliability and therefore the validity of the entire research. Consequently, it was important for the research not only to enrich the data with other sources but also to triangulate the data (Jonsen and Jehn, 2009) in order to support the validation of the findings and to increase the confidence in the research (Street and Ward, 2012).

The research site was Blueprint for Better Business organization, based in London, the same as for the Chapter One on institutional entrepreneurship. The organization gave their full availability for the interviews, whenever needed, as well as full disclosure of the documents for the research. The richness of the data permitted to contemporary conduct two case studies without overlapping the use data but complementing each other.

Data Collection

Data has been collected through interviews, observations and archival material in the time period from 2017- 2022. A series of semi-structured interviews were done, totalling more than 12 hours of recorded material. The first interviews were done with the founders of the organization, while the others followed upon their recommendations. Also, the observations and analysis of 20 meetings was done. And finally, 123 internal documents have been analysed, as the organization gave full access to all the documentation in their possession (plans, meeting minutes, agreements, budgets, training programmes, best practice guidelines, publications, etc.). Five video recordings

of the entire conferences, organized from 2012 until 2016, were analysed which alongside the insight into the documentation helped validate the process of interviews and reiterate them with more focused questions when needed.

Data Analysis

The data analysis follows the work of Furnari on interstitial spaces (2014).   Using the concepts identified in his work such as enabling catalysts, interaction rituals, genesis of new practices and interstitial spaces, the research starts from the assumption that Blueprint for Better Business was formed as a catalyst with the aim to enable development of new practices through the rituals in the form of various events that are presented in this study. The data for the analysis was obtained through interviews, analysis of the videos from the conferences, documents testifying on various events such as meetings and workshops as well as documents produced that serve as guidelines for new practices. The objective was to understand the evolvement of the process of issue field creation.

CASE STYDY CONTEXT

The previous chapter explains how centrally position actors under certain conditions can indirectly act as institutional entrepreneurs through other actors transferring them resources needed for

legitimacy. In this case it led to creation of a trust called Blueprint for Better Business in 2012. This initiative at the beginning had for its aim to "unite corporate purpose and personal values to serve society"[1]. Through its history, the organization went from an informal gathering of business people to a structured charity organization. In development of their work and in what it wishes to accomplish, Blueprint for Better Business identifies three main stages since the inception till the present day.

In the first phase, the organization was mostly engaged in familiarizing themselves with business organizations and building network around the new emerging narrative on the purpose of business. They gathered not long after the economic crisis in 2009, as the consequences of that crisis were still felt in the society. The narrative around business was becoming increasingly negative and the trust was diminished, which can be seen in the increase in regulation and the creation of different types of bodies and agencies with oversight power.

The corporate social responsibility since that period started becoming obsolete, as it was focusing mostly on non-material issues, which were more in line with their PR and marketing strategies. There was a discrepancy of expectations as society asked for more profound change from the companies. This created an institutional incompatibility (Seo and Creed, 2002) and through this dichotomy emerged a space for a new way of thinking. Blueprint for Better Business started a new narrative on what is the purpose of business beyond profit, gathering large corporations around them with the aim to influence their way of doing business.

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[1] https://www.blueprintforbusiness.org/our-progress/ accessed on 1 September 2021

Initially, the organisation was a form of an incubator within the Catholic church. The Cardinal at that time was supportive of the idea and contributed in-kind with the premises. Additionally, some money was raised so that a small group of people could be able to work part-time on creating this informal organization that initially focused on organizing seminars, mostly about restoring trust in banks and other financial institutions after the financial crisis in 2009. With time passing, the organization realized that many other scandals were occurring that had undermined the trust in business in general, such as British Petroleum Deepwater Horizon oil spill in 2010[2]. Their attention was brought to this problem after a group of business executives visited the Cardinal, under whose patronage these meetings were held. The perception was that there was a breakdown of trust in business in general and they asked for an initiative that would be of a non-profit character. The role of the Church was instrumental in the early days, as it appointed a person in 2012, who would become responsible for gathering a group of people who would then further develop the thinking on how to guide businesses in organisational change. The initial group was informal in its character and its participants came from different institutional fields. Among the initial group were two nuns, former global head of tax of a large accounting firm, an investment banker specialized in health sector, a journalist, and a former director in the HM Revenue and Customs as well as a couple of management consultants who were seconded from their firms to help in designing the approach to the issues. The result of the initial group was a "one page framework to guide decision taking

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[2] The oil spill in the Gulf of Mexico in 2010 was one of the largest oil spills ever and is "one of the worst environmental disasters in world history" (Meiners, 2020). It was caused by an explosion at the BP Deepwater Horizon oil rig in which eleven workers lost their lives. During the explosion more than 130 million gallons of crude oil was released into the ocean that killed millions of marine animals. Even today the definitive impact on the eco-system is still unknown.

which was a provocation about organizational purpose and a provocation about behaviour and the formation of character".

The organization held its first conference in 2012, to which they invited over one hundred businesses. The scope of the conference was introductory, as the topics discussed were mostly about how corporations became directed only by short-term financial gains, while neglecting long-term benefits that they can bring to the society. The conference also explored what might be the solutions to this problem. The success of the organization was immediate, as they attracted high level key speakers who stayed engaged in the following years and provided the organization with various non-financial assistance.

After the conference several working groups were formed in which representatives from both for-profit and non-profit sector were participating as well as academia and religious groups. The idea of these working groups was to establish the mission of the organization and create tools which it could use in further collaboration with companies. The result of the first working group was the Framework which was designed to help the process of decision making and have it as a cornerstone for the next conference.

------------insert Figure 1 ------------

The next conference in 2013 served as an opportunity to present the Framework to the companies already familiar with the organization as well as to attract new ones through network of organizations that was becoming more prominent. The conference gathered high profile participants, as it was chaired by one of the well renowned tv journalists, and among the speakers

were two archbishops, managing director of BlackRock investment corporation, the CEO of Hermes Fund Managers and a notable public figure who would later write the recommendations for the establishment of a professional body on banking standards, including the idea of corporate purpose in his recommendations.

The Framework served as a base for creating a more elaborate document that emerged in 2014, called Five Principles for Purpose Driven Business. This document became a practical tool for companies that were participating in these discussions and wanted to shift their internal discourse towards the purpose of their business. Another advantage of this document is that it represented the standardization of the Blueprint for Better Business ideas.

------------insert Figure 2 ------------

After the initial phase, which was exploratory in its character, the people gathered in this informal organization were trying to establish consensus about the organizational formation, the values the organization wanted to transmit and the means to do it, which led to the second phase that was developmental in its character. It started in 2014, when the organization was formally registered as a charity. The constitution of the newly established charity encompassed the two previously mentioned founding documents, The Framework and the Principles. The decision to do so was to make sure that the Charity remains rooted in these values. Another relevant thing regarding the establishment of the charity was the issue of independence from the direct influence of corporations. Their biggest preoccupation was that they might be considered as just another "badge that businesses can just put on the front of their web sites" without changing their way of thinking. The Charity wanted to avoid certifications such as B Corp Certification, as their thinking

was that the organizations should be the owners of the change and find their own path in creating corporate purpose, instead of ticking the box and satisfying certain standards. The role of Blueprint for Better Business was only to facilitate the change. In order to keep their autonomy and therefore authority, the Charity declared that they would not be taking donations from the corporations but only from private donors and foundations. This decision would be revised in 2021, and the Charity would start taking donations from the corporations they worked with but only once their collaboration was over. It would be, as they called it a "pay-forward", a contribution to the organization in helping sustain themselves and therefore be able to facilitate the change in other organizations when it comes to the perception of what the purpose of business should be.

This period is characterized by the active participation in changing the narrative about the corporate purpose through active engagement with other organizations, in particular with large corporations on providing the learning resources and acting as a gathering space for idea exchange, acting as interstitial space in which companies were gathering to learn and interact with one another.

In the second phase, three subphases can be identified and are acknowledged by the organisation itself (Blueprint for Better Business, Our Progress, 2020). In the first subphase, the organisation`s aim was to change the dominant discourse "about the purpose of business and what motivates people" (Blueprint for Better Business, Our Progress, 2020). Once the business community in London became familiar with the new movement in thinking about the responsibility of corporations, the organisation started working directly with the interested companies through tailor made programmes, more specifically through the Social Contract programme. This programme is

designed for senior managers with aim to achieve higher impact, as well as to learn more about the specific problems companies are facing and then be able to test their thinking through this programme and adapt it adequately. In the final subphase, once the organization reached maturity, the goal was to create an online platform through which they would be able to share the learning with all interested organizations, regardless of whether they are for-profit or non-profit and their location.

The evidence shows that Blueprint for Better Business was the first organization to start talking about corporate purpose rather than corporate social responsibility (as discussed in the first chapter). As a consequence, today we can see that many companies, along with the vision and a mission statement have a purpose statemen as well as, rendering it mainstream.

-------------- Insert Table 2--------------

FINDINGS

Not every new phenomenon in the institutional field has a necessity of a new theoretical explanation (Doz, 2011), as the changes in the organizational field are constant and models are not often replicable due to specific socio-cultural circumstances. However, these new phenomena require further understanding due to their empirical importance and understanding how they fit within or vary from the existing theories. The theory presented through the model should coincide

with the reality and be used to "provide powerful heuristic for determining the validity of scientific theories" (Van de Ven, 2007), and through testing with qualitative research it can be explained to which extant the model can vary. There are no strict standards to follow but more of a guidelines and recommendations in order to understand the phenomenon (Jarzabkowski et at., 2021) and uncover the emerging themes (Gioia et al., 2013).

In this section I present the findings from the case study and look into the extent if fits the model developed by Furnari (2014) on interstitial spaces as places that connect different fields and by doing so facilitate the creation of new practices. Also, this study finds that, under certain circumstances, interstitials spaces, through new practices, can lead to institutional field creation.

According to Furnari (2014) interstitial spaces created between different fields lead to exchange of ideas and consequentially to the creation of new practices. As the most prominent examples he tells a story of informal meetings in Silicon Valley, in small clubs, among people who were in different and far apart institutional fields, such as members of the hippie movement that was very prominent at that time in California, and computer engineers. These gatherings led to the creation of open-source community that "initially emerged in hacker and computer hobbyist clubs, where political activists and computer engineers started inter- mingling" (Furnari, 2014).

According to this theory (Furnari, 2014) the interstitial space is a space in which the actors interact occasionally and above all informally. This, study also shows that interstitial spaces have the potential to become formal spaces with the aim to create a new field. Following Furnari`s (2014) definition of interstitial spaces as "small-scale settings where individuals positioned in different

fields interact occasionally and informally around common activities to which they devote limited time", this study observed the following:

Occasional and informal gatherings and activities facilitated by formal catalyst

Another characteristic that defines interstitial spaces in the literature (Furnari, 2014; Villani and Phillips, 2021; Bartunek, and Balogun, 2022) is that interactions in these spaces are "occasional and informal" as well as "unscripted, spontaneous, and characterized by limited formal organization and ceremony" (Furnari, 2014) and therefore "lack the frequency, structure, organization, and formal obligations that can ensure their continuity over time" (Furnari, 2014). Due to these characteristics these interactions cannot be sustained over longer periods as there is no follow-up process (Furnari, 2014) that would further sustain and diffuse the outcomes of these interactions.

The findings of this study show however, that it is the presence of a formal catalyst that sustains the interaction with the participants in the interstitial space. The catalyst represents a bridge between different organizations coming from different fields (Villani and Phillips, 2021) and they help facilitate the emergence of new practices. They can have formal structure and represent a gathering point for participants from different fields. Their formal status has the role of a custodian of new ideas and a mediator between different groups. It is the role of the catalyst to follow-up with the organizations on a regular basis and challenge them on the implementation of the newly proposed activities and their way of thinking. Therefore, although the interactions were "infrequent and occasional" the role of catalyst prevented them from being "unscripted" and "spontaneous",

providing the interactions with structure and meaning. This was significant as Blueprint for Better Business, in role of the catalyst, would maintain contact with the organizations after the events and continue the discussions on furthering the collaborations, establishing new practices and challenge the organizations on what has been achieved through informed discussions.

"But we do not put this hard line in the ground. This is the beauty of not actually having a legal contract in play. We do not say, right, if you want to meet us again, you have to go into social contract. So, we are kind of working with others, slowly hoping that they will take a social contract, but we're not holding them to account for that." (Blueprint for Better Business Head of Corporate Engagement)

The characteristics of the catalyst are also very important in order to define better its role. This study finds that Blueprint for Better Business had an informal status at the beginning, gathering interested parties on an informal basis, providing them with space in which they could have discussions about the change that is needed in the business sector and how to move away from what were the practices of corporate social responsibility at that time. However, it was noted that these ideas should be put into practice, but larger consensus was needed which could not be done through an informal catalyst. Another challenge was that these informal gatherings were happening with help from the Catholic Church in London, which was giving the perception of lack of autonomy. Therefore, Blueprint for Better Business was registered as an independent charity. This way the organization obtained permanent status and full autonomy as it was independent from the influence of other organizations.

The literature considered catalysts to be successful if they occupied a dominant position in the field which would give them more power in decision-making (Villani and Phillips, 2021). A novel contribution is that a catalyst as an independent entity can successfully act as a mediator to bridge multiple fields and act autonomously without favouring any specific organization or field. In this way the catalyst generates trust and creates norms which are crucial for the development of a network (Putnam,1993) of organizations with a shared meaning (Furnari, 2016).

"In 2014 we constituted Blueprint as an independent charity, because before that it was a charitable arm underneath the Catholic Church, which we need to get away from." (a Trustee of Blueprint for Better Business)

Genesis of new practices

Once the participants from different institutional fields agree on the issue and the type of change they want to achieve (Furnari, 2018), they start to generate new practices through interactions that occur in the interstitial space (Furnari, 2014; Villani and Phillips, 2021; Bartunek, and Balogun,2022). Through diversity of identities and resources (Furnari, 2014; Kodeih and Greenwood, 2014) participants can think of new practices regarding the common issue they want to solve.

The diversity of actors coming from different fields, had a stimulating effect on the catalyst organization in creating new practices. Diverse set of rules and standards put in the same space generated an innovate approach to a common issue on what is the purpose of business. It was not

just a cognitive exercise for the corporations, but a cross-field collaboration in which also non-profit organisations participated to help repair the legitimacy that was diminished by the scandals that ultimately led to the economic crisis in 2009. Also, it was important to start implementing new practices and the new way of thinking to lessen the prospects of another crisis. These new practices and rituals would then affect the already established process and rules in corporations and lead to institutional change.

Blueprint for Better Business organised a series of events, such as dinners, gatherings for corporate executives, or the companies themselves would organise these events on behalf of Blueprint for Better Business. The study finds that in these occasions the executives were discussing what would be the definition of the purpose of business as well as the need for establishing the indicators that would help in measuring corporate purpose. At one of these dinners organised by the Bank of England in 2019, it shows that the discussion among the participants was about the requirements for being defined as a purpose driven organization and also about the mechanisms to measure the impact of purpose implementation in the organization.

"What's key is understanding if companies are truly purpose driven. This requires systematic engagement and an open dialogue with management rather than just relying on reports – purpose is demonstrated through consistency of action.
Mechanisms also need to be developed for evaluating purpose and impact that can be scaled given resource and fee constraints at asset managers. "

Blueprint for Better Business was acting as a catalyst for change and within their scope of action they created a network of coaches and consultants who would initially undertake a several days

training where they would be introduced to the teaching and the principles of Blueprint for Better Business, specifically on how the approach of corporations towards the society should change, shifting the perspective towards the corporate purpose. After the training, the coaches and consultants would include these principles into their consultancy practices when working with companies. The organization also run immersion workshops for corporate employees. During the two-day course the participants would be explained the Blueprint thinking and would be expected to try to replicate it in their organizations.

"From our work we have learned that it is important to create space for honest and open dialogue to help to create a shared understanding of what it means to be purpose-led amongst the leadership team - and to do this before getting into articulating the purpose in order to avoid issues further down the line. The aim is not unanimity of view but, to bring in different perspectives, and get unanimity of commitment to being purpose-led. " (Blueprint meeting for Coaches and Consultants on creating a shared understanding - 27 April 2021)

One of the most important activities Blueprint for Better Business still does is "Social Contract" where they collaborate directly with the CEOs for a period of 18-24-months. This collaboration includes helping them in defining their purpose and including it into the corporate strategy. Within this activity they also organise regular meetings among the CEOs from the different industries that participate in "Social Contract" to discuss the challenges and opportunities of becoming a purpose led business. This kind of collaboration is very important as it produces relationships that "lead to changes in the institutional field" (Phillips et al., 2000).

"(Social Contract is) What we call provoke a different way of thinking, then there is support and challenge and then there is action. So, the provocation of a different way of thinking is board members going in and presenting at an executive committee our viewpoint. So, it is challenging the two assumptions around the purpose of the business and people. And then, the support and challenge come in. Mainly the one consistent thing around all of them is the regular engagement with the CEO. So, Charles has one on one meetings every 10 to 12 weeks with the CEO and that takes more of a kind of coaching, mentoring approach."

When it comes to learning and research, members of Blueprint for Better Business co-authored an academic paper for the Academy of Management Journal in 2014 (see Hollensbe, et al, 2014). The scope of this editorial note was to present the idea of purpose to management scholars and call them to "conduct meaningful and relevant work engaging the topic of purpose in management" (Hollensbe, et al, 2014). Another relevant engagement with academia occurred when Blueprint for Better Business organized a conference in 2016, where scholars in the field of management and economics presented their research on corporate purpose. In addition to this, the organization wrote many blogs on the topic of purpose of business as well as guidelines.

The literature suggests that "rituals and catalysts as two important microlevel conditions enabling the emergence of new practices between fields" (Furnari, 2014) are stimulative for a collective experimentation. The study finds that Blueprint for better Business acted as catalyst and that its role through all the events and activities here presented was crucial for sustaining the interaction among different organizations and creating the rituals in order to generate new practices that would be diffused among the fields.

Field Creation

The economic crisis of 2009 diminished trust in business and as a consequence the need for change emerged among the corporations. The existing institutional arrangements were no longer corresponding with the societal needs (Seo and Creed, 2002) and there was a pressure on institutions to change (Greenwood and Hinings, 1996). As this study shows, the actors were seeking institutional change and, in the beginning, it started with conferences that mostly discussed what is the real purpose of business and how the companies should guard the interests of their stakeholders and not just the interest of the companies and their shareholders.

The literature shows that actors in institutional fields are able to create shared meaning through discourse on common issues (Leibel et al., 2018). This is necessary in order to mobilize other organizations interested in institutional change, and to achieve it they need to base the discourse on values that are commonly shared (Battilana et al., 2009).

This study found that in the interstitial space, which was created in between the fields, the discourse started to change. According to Rao et al. (2000), "initially, many interstices experience a lack of social visibility as they form vis-à-vis a majority of players in relevant organizational fields. Because most social attention and authority tends to concentrate on conventional practices, many people in a given organizational field will tend to be unaware of initial work in the gaps between fields." However, this study finds that it is due to the catalyst who facilitates the creation of a shared meaning and advocates for social change that the discourse on corporate purpose attracts further attention. This can be illustrated in Capita`s full-year results statement for 2019, where in

the part that refers to the relationship with the stakeholders, they apply the Blueprint for Better Business Five Principles for Purpose Driven Business (for reference see figure 2).

-------------- insert Figure 3--------------

Another organisation that has been applying the Framework of Blueprint for Better Business is NatWest bank, one of the major banks in the United Kingdom.

"The Board and management team have worked together to define an approach to becoming a Purpose led organization based on balancing the interests of all our stakeholders. As part of this, we have worked with the not-for-profit organization a Blueprint for Better Business. We have informed our approach using their framework that identifies the need to be: Honest and Fair with Customers and Suppliers; A Good Citizen; A Guardian for Future Generations; and A Responsible and Responsive Employer as key drivers to becoming a more sustainable business. In addition, we have analysed what is driving the changes in our own customer behaviours and the subsequent trends borne from their experiences. This forms the building blocks for the plans we are setting out today." (CEO, NatWest Group)[3]

As stated before, Blueprint for Better Business was the first organization to start the discourse on corporate purpose, shifting the general perception. In their Theory of Change, a document which demonstrates the path through which the organization seeks to channel the change, they indicate several objectives. These objectives are to have "business leaders more open to dialogue around the alignment to their stated purpose", "growing community adopting Blueprint thinking and

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[3] Source: Blueprint for Better Business Impact Report 2020 https://www.blueprintforbusiness.org/wp-content/uploads/2020/11/Impact-Report-year-ended-30-April-2020.pdf, accessed 12.02.2022.

behaviour ", "Investors and influencers creating demand for Blueprint approach", "voice from society reinforces confidence of business leaders to take action", "growing evidence base supporting the approach Business leaders seeking social and environmental outcomes in core business". These outcomes lead to the organizational impact on "mindset change", that then leads to "behavioural change" to eventually help "businesses (become) force for good".

This approach was mostly applied through conferences and private dinners in the beginning, gathering a large group of organizations, to then evolve to consulting services and providing guidelines on how to obtain institutional change. These types of events were pivotal for the filed creation. Most importantly they enabled the interaction among different actors, which is one of the main configuring mechanisms (Anand and Jones, 2008; Lampel and Meyer, 2008) for defining a shared meaning. The fields creation around common issue (Hoffman, 1999) was created through instituting new practices (Bell and Haugh, 2015) and by creating field boundary. This was possible because of the role of the formal catalyst who provided participants with a common sense of purpose.

-------------- insert Figure 4--------------

"So initially it was all about getting the message out there that maybe there was something more, it was more about our point of view. So, it was about purpose. The purpose of business is not just to make money, it`s to benefit society. That was quite new back then. So, I think people were kind of: Oh, I`m not sure about this. It was very new. And then our other view was, that the human person is not driven by money, they are driven by more than that. And again, people were like: Oh, that's a bit different. So, I think the first couple of conferences, we're more about getting that

point of view across and discussing these ideas rather than doing anything specific to change them." (Blueprint for Better Business Chief Operating Officer)

"I would say is that the strategic direction of Blueprint remains unchanged, which is to focus on the leaders of large incumbent companies and to create a community of those leaders through what they do, which inspires others to follow that example and to achieve a kind of tipping point which helps to shift the norm, shift expectations of what business can or should be. It is very ambitious, but I think that's still our strategic aim. And then in service of that, we work with influencers. We work with wider society, and organise events, and produce publications and so on, where we think, this will help to create the environment in which that shift is more likely, and be very focused and targeted within the small team, that we are, to only do those things where we really feel it can help achieve that." (Blueprint for Better Business Chief Executive Officer)

Another important observation this study makes is the position that the actors in the interstitial space hold in their respective field. The catalyst in the interstitial space (Blueprint for Better Business) makes a deliberate decision to engage only with the participants on the executive level in the organizations. This decision was made because of their understanding of the industry and their ability to negotiate new practices and put them in use in the respective organizations. This way, by creating the norms on the institutional level that would then be translated to the organizational level (Wooten and Hoffman, 2008) the possibility for a new organisational field around corporate purpose emerged.

"Our Focus:

Senior leaders in large companies: We work 1:1 with senior leaders of large corporates to provoke a different way of thinking, offer challenge and support and stimulate action.

Influencers: We work to help change the conversation about the purpose of business. We do this through dialogue with key influencers such as investors, academics, policy makers, NGOs, coaches and consultants to business and others, as well as through social media, forums, conferences, events and through collaboration with organizations with similar objectives." (Blueprint for Better Business Impact Report 2020)

"…I think in 2012, Charles and I sketched out a model about what Blueprint would look like, Independent, focused on the largest companies, focus on what would influence the largest company leaders to change. And that then became our model for change." (Blueprint for Better Business Trustee)

"...but in some ways business was a vehicle to change society and from that it would be more profitable.… it was quite simple, who influences people to change their thinking because we need to change the thinking. And we said, okay, what would change the thinking of people like me. So that is why we have the CEO dinners and the chair`s things, academics, where we started to gain some really thoughtful pieces that prove we weren't just inventing it ourselves…then investors because they will influence companies, the media and government. But as part of that, also the one thing which was unique to Blueprint is civic society all the way through, NGOs and others who needed to understand it was about them." (Blueprint for Better Business Trustee)

The study observed an event that helped in creating "symbolic boundaries" of the field (Grodal, 2018). In 2018, the Financial Reporting Council that issues The UK Corporate Governance Code,

for the first-time stated that the "reporting should cover the application of the principles in the context of the particular circumstances of the company and how the board has set the company's purpose and strategy, met objectives and achieve outcomes through the decisions it has taken" (Council, F. R. 2018). Blueprint for Better Business acted upon this event and used the opportunity to enlarge their engagement also with board of directors and help them in defining the purpose of their respective organizations.

DISCUSSION AND CONCLUSION

The aim of this case study was twofold. In the first part the study tests the theoretical model on interstitial spaces as generators of new practices, which was developed by Furnari (2014). In the second part the study offers a contribution to the literature on institutional field creation as it explains under which conditions institutional field can emerge through interstitial spaces, in particular it institutes the role of a formal catalyst in institutional field creation.

In his model, Furnari (2014) proposes interstitial spaces as a "small scale settings" in which actors from different fields interact with each other in an informal way about the common issues with the outcome of proposing new activities and practices. This interaction between fields is not expected to have direct consequences but they rather emerge spontaneously. This empirical study shows that interstitial space is more effective as generator of new practices in case in which it is formalised. The findings show that, although Blueprint for Better Business started as an informal organisation gathering actors from different fields through private meetings and conferences, they

had no capacity to propose and develop other activities but only share their teaching and try to shift the thinking about what is the purpose of business beyond profit. Once Blueprint for Better Business became a formal charity it got the resources, both human and financial to start operationalizing their thinking.

Consequently, the model (Furnari, 2014) describes these spaces as "inherently transitional" in nature and therefore difficult to help in creating shared meaning that would sustain the creation of new practices, unless two preconditions are met. Those preconditions are "successful interaction rituals" and "catalyst". This study finds that the role of a catalyst is a precondition for the interaction rituals among the participants from different fields. It is the catalyst who has a bridging capacity among different organizations (Villani and Phillips, 2021) and a key role in creating new rituals and stimulating the collaboration.

Another important aspect is that the collaboration among different fields requires negotiations. This situation can be problematic as the roles of actors in the interstitial space are not hierarchically established (Phillips et al., 2000) as they would be within the field. This study finds that what is important is the presence of a formal catalyst, who is recognized by everyone in the interstitial space, so that new practices would be further adopted by other actors and reach critical mass for field creation.

The second contribution of this case study is the demonstration of an institutional field creation through interstitial space. The model created by Furnari (2014) proposes interstitial spaces as generators of new practices within the field and states that literature still needs to explore "the importance of interstitial spaces and the role it plays in institutional field creation". The model

indicates that new practices eventually can lead to being "transposed to the fields in which individuals are positioned" or can become "focal points around which new fields emerges".

In his research Furnari calls for further clarifications related to the influence regarding the position that actors occupy in the field and the influence in regard to that position that they can exhibit in micro interactions in a cross-institutional collaboration. He also concludes that the role of the catalyst should be further researched as well as its skills to facilitate the interstitial space.

This case study finds that interstitial space facilitated the creation of the field, firstly by defining what is corporate purpose and therefore created "symbolic boundaries" of the field (Grodal, 2018). Then, within these boundaries a group of organizations started a dialogue around common interests, more specifically how business should change. This discussion further helped in creating an institutional field around common issue (Hoffman, 1999).

The specificity of the findings is that the field creation was facilitated by the catalyst, without whom it would be difficult to sustain new practices. The catalyst started out as an informal organization but soon after it had to evolve into a formal one in order to provide space and tools for new practice creation and to sustain these practices over a longer period of time. The relevance of a formal catalyst can be seen in their capability to organize "field configuring events" (Lampel and Meyer 2008) such as conferences, dinners, meetings, etc. These events are important for a field creation, as the regular interaction among the participates strengthened the belief in the shared meaning and helped in creating the network of organizations.

These findings contribute as well to the new stream of literature on inhabited institutionalism (Leibel et al., 2018; Hallett and Hawbaker, 2021) which puts the accent on the mechanisms that

help in shaping the shared meaning. Inhabited institutionalism focuses as well on the interactions that shape the field and joint activities that are result of these interactions. However, inhabited institutionalism moves the agency away from individual actors favouring the social interaction when it comes to institutional change. The research finds that individual actors have an important role in field creation. In this study it was the catalyst who decided the participants in the interstitial space by choosing the centrally positioned ones. These actors are more likely to act as institutional entrepreneurs, and act "not only independently, but also jointly, through interaction" (Battilana et al., 2009) to bring the change to the field. This way, through successful collaboration, the participants in the interstitial space also create social capita, that over time "tend to be self-reinforcing and cumulative" (Putnam,1993), leading to further collaborations due to established trust between the catalyst and the actors.

Another important aspect is that centrally positioned actors were more likely to act as "boundary bridges" (Greenwood and Suddaby, 2006) as they are more aware of the alternatives. In this case it is why the catalyst was able to create an institutional field by choosing to collaborate primarily with centrally positioned actors, such as CEOs, CFOs, board of directors and other executives within large corporations. The norms that were created within this space, centrally position actors were then able to translate into their organisations and create a common ground (Gray, et al.,2015) for institutional field, which other organisations would later join (Furnari, 2018).

The limitation of this research is that it`s a single case study and "serves as a distinct experiment that stands on its own as an analytic unit" (Eisenhardt and Graebner, 2007), however it represents a good method to explore a new phenomenon. In this research, the case study served for two purposes, to test a theory (Garcia and Gluesing, 2013) and describe specific situation and provide

theoretical contribution through the interpretation of the findings from that situation (Doz, 2011) that occurred within a specific time frame and within a specific context. More studies should be done to reflect highly technological environments and their specificities in order to understand how new fields can emerge relying on AI and its potential to substitute a formal catalyst in field creation.

The research contributes to the literature on interstitial spaces in institutional fields by exploring the mechanisms and the role of a formal catalyst to put those mechanisms in place. The research also contributes to the literature on institutional field creations, explaining how interstitial spaces can lead to field formation in presence of a formal catalyst.

Also, the research contributes to the emerging body of literature that advocates for sustainability as integral part of organisations (Cummings and Bridgman, 2021; Jarzabkowski, et al., 2021a; Wiersema and Koo, 2022) by showing how through emergence of a new filed that gathers organisations from different industries they can adopt more sustainable way of operating.

A framework to guide decision making

a blueprint for better business

Defining purpose

Each person is a someone, not a something (Dignity and value of people)	Delivering value by serving society (The common good)
Show respect for the dignity of each person and for the whole person; never use people merely as a means to achieving business objectives. Respecting the whole person includes thinking of people in all their various roles in relation to the business: as employees, customers, suppliers, investors and citizens. Demonstrating respect means setting a purpose and seeking outcomes that enable each person to reach his or her full potential, not least being able to contribute fully to building relationships and communities both within the workplace and beyond. Such purposes and such outcomes engender trust between people and between business and society.	Genuinely aim to promote the good of society as a whole through the provision of goods and services that benefit society; never use stakeholders, and society as a whole, as a mere means to business success. This gives meaning to the purpose of the business within society and demands innovation to achieve that purpose alongside a financial return. Society and communities of people determine the licence, and freedoms, of business to operate and grow; these will be broader if business actively aims to reduce harm and produces goods that are truly good and services that truly serve.

Behaviours needed to build character and achieve purpose

Other people matter (Solidarity)	Freedom with responsibility (Subsidiarity)	Building trust and trusted relationships (Reciprocity)	Valuing diversity and building bridges (Plurality)	Stewardship of people, values and resources (Sustainability)
Judge decisions as good, or not, in the context of the best values, expectations and needs of those with whom we should seek to build relationships. Do not make decisions in a self interested, self determined, closed world that does not weigh sufficiently the impact on others. Make a fair contribution to society and avoid actions that cause inequality. Opportunities should be sought to serve the broadest community, including the underserved, the under-represented and the excluded; not to emphasise the divide but rather to bring people together, through new job opportunities, innovative goods and services, and new markets.	Allow people to develop by being able to contribute to making decisions at all levels. Do not create dependency through reserving decisions unnecessarily to higher levels in the hierarchy, or lose accountability through inappropriate delegation. Give people the freedom, and support where necessary, to take on the risk of decision making and to have a voice in their work, thus fostering innovation, creativity and a sense of shared responsibility.	Start with basic honesty and integrity so that each and all receive what they are entitled to or can reasonably expect. This is the first stage of building trust. Then go beyond this minimum, using knowledge and capabilities to provide benefits that people desire and value but cannot expect or demand, in particular in situations of information asymmetry or power imbalance. Fair and efficient markets depend on trust and trusting relationships.	Be clear as to who you are and what you stand for, combining this with an openness to enrichment from others, valuing diversity of thinking and cultures. Favour curiosity and inclusion over suspicion and exclusion of those who think differently. Maintain consistency of purpose and values whilst embracing diversity, encouraging closeness to people, markets, innovation and growth.	Acknowledge and seek to measure the impact the business has on people, values, resources, and the environment. Accept responsibility for those impacts. Then take steps to develop people, nurture values, preserve and restore existing resources and create new ones where possible so that others may enjoy their benefits. Use your knowledge, influence and experience in collaboration with others for the benefit of all.

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Figure 2- A Framework to guide decision making (Blueprint for Better Business, 2022)

Five principles of a purpose driven business

a blueprint for better business

Honest and fair with customers and suppliers

- Seeks to build lasting relationships with customers and suppliers
- Deals honestly with customers, providing good and safe products and services
- Treats suppliers fairly, pays promptly what it owes and expects its suppliers to do the same
- Openly shares its knowledge to enable customers and suppliers to make better informed choices

A good citizen

- Considers each person affected by its decisions as if he or she were a member of each decision-maker's own community
- Seeks and provides access to opportunities for under-represented groups
- Makes a full and fair contribution to society by structuring its business and operations to pay promptly all taxes that are properly due

Has a purpose which delivers long-term sustainable performance

A responsible and responsive employer

- Operates true to a purpose that serves society, respects the dignity of people and so generates a fair return for responsible investors
- Enables and welcomes public scrutiny of the alignment between stated purpose and actual performance

A guardian for future generations

- Treats everyone with dignity and provides fair pay for all
- Enables and welcomes constructive dialogue about its behaviour in keeping true to its purpose
- Fosters innovation, leadership and personal accountability
- Protects and nurtures all who work for it to ensure people also learn, contribute and thrive

- Honours its duty to protect the natural world and conserve finite resources
- Contributes knowledge and experience to promote better regulation for the benefit of society as a whole rather than protecting self interest
- Invests in developing skills, knowledge and understanding in wider society to encourage informed citizenship

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Figure 3 - Five Principles of a Purpose Driven Business (Blueprint for Better Business, 2022)

Figure 4- Corporate application of Blueprint for Better Business teaching[4]

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[4] Source: https://www.capita.com/sites/g/files/nginej291/files/2020-03/capita-fy-result-slides-2019_0.pdf, accessed on 20.11.2021

OUR THEORY OF CHANGE

a blueprint for better business

INPUTS

ACTIVITIES

OUTPUTS

OUTCOMES

IMPACT

A FOCUS ON SENIOR PEOPLE IN LARGE CORPORATES & THOSE WHO INFLUENCE THEM

Blueprint Provenance
- Alternative views of the Purpose of business & the motivation of people
- Respect for the dignity of people

CORPORATE CATALYST
Engagement with senior business people
Coaches & Consultants network

CONVENE EXPERIMENTS
Bespoke interventions
Workshops & Events
Engagement with influencers

Blueprint Principles and Framework

CURATE EVIDENCE, KNOWLEDGE, LEARNING
Research, interpret and share
Engage with academics
Forums to share experience & learning

Our People
& our connections & relationships

CONNECT WITH WIDER SOCIETY
Collaboration
Events, Roundtables
Articles, Blogs, Social Media

Funding

FUNDRAISING & OPERATIONS

Growing number of practitioners, senior business people & consultants experimenting with using Blueprint

Influencers talking about Blueprint

Growing body of evidence to support our approach

Collaborations

Events & Publications

Engagement with Communications & Social Media

Profile among appropriate audiences

Engaged and supportive network

Business leaders more open to dialogue around the alignment to their stated purpose

Growing community adopting Blueprint thinking and behaviour

Business leaders seeking social and environmental outcomes in core business

Investors and influencers creating demand for Blueprint approach

Growing evidence base supporting the approach

Voice from society reinforces confidence of business leaders to take action

MINDSET CHANGE

BEHAVIOURAL CHANGE

BUSINESS IS A FORCE FOR GOOD

Figure 5- Blueprint for Better Business Theory of Change (Blueprint for Better Business, 2022)

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Unilever	"Our purpose is to make sustainable living commonplace. It's why we come to work. It's why we're in business. It's how we inspire exceptional performance." [5]
Vodafone	"At Vodafone, our purpose is to connect for a better future. Our expertise and scale as a global business gives us a unique opportunity to drive positive change in the world. Our aim is to build a sustainable digital society that is inclusive for all, where technology and connectivity are enhancing the future and improving people's lives."[6]
Nat West Bank	"Our purpose is to champion the potential of people, families, and businesses. From budgeting and saving, to supporting you make more sustainable choices. We're here to help you feel more confident about your money today, and in the future."[7]

[5] https://www.unilever.com/our-company/strategy/ accessed on 01.02.2022.

[6] https://www.vodafone.com/about-vodafone/who-we-are/our-purpose accessed on 01.02.2022.

[7] https://www.natwest.com/banking-with-natwest/our-purpose.html#:~:text=Our%20purpose%20is%20to%20champion,today%2C%20and%20in%20the%20future. accessed on 01.02.2022.

Coca- Cola	"To refresh the world and make a difference. This purpose is uniquely us. It's why we exist, and it's needed now, more than ever. In doing so, we must think expansively. It's about how we refresh people in both body and spirit. It's about how we refresh the planet and limit the footprint we leave behind. It's about how our business system refreshes the communities we serve. It's about how we and our bottlers refresh, inspire, and develop the people who work with us."[8]
Deloitte	"Making a positive, enduring impact that matters Deloitte is led by a Purpose: to make an impact that matters. This Purpose inspires Deloitte professionals and will help us achieve our global strategy of being the undisputed leader in professional services." [9]
	"At EY, our purpose is Building a better working world.

[8] https://investors.coca-colacompany.com/about/our-purpose#:~:text=The%20Coca%2DCola%20Company%20purpose,needed%20now%2C%20more%20than%20ever. accessed on 01.02.2022.

[9] https://www2.deloitte.com/bd/en/pages/about-deloitte/articles/gx-purpose-positive-enduring-impact-that-matters.html accessed on 01.02.2022.

EY	The insights and quality services we provide help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities."[10]
John Lewis Partnership	"As co-owners we all have a share in the business and a shared commitment to go above and beyond for each other and our customers. We have a unifying Purpose created by Partners, for Partners. Our Purpose makes it clear why we exist, our ultimate aim as a business and gives us an exciting opportunity to do things differently."[11]
Centrica	"Helping you live sustainably, simply and affordably. By cutting both customer and our own emissions on a path to net zero. Together we shaped our purpose to move forward and build our future."[12]

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[10] https://www.ey.com/en_us/about-us#:~:text=.-,Our%20purpose,promises%20to%20all%20our%20stakeholders. accessed on 01.02.2022.

[11] https://www.johnlewispartnership.co.uk/about/our-purpose-and-principles.html . accessed on 01.02.2022.

[12] https://www.centrica.com/careers/why-centrica/diversity-and-inclusion/purpose-and-values/#:~:text=Helping%20you%20live%20sustainably%2C%20simply%20and%20affordably&text=By%20cutting%20both%20customer%20and,forward%20and%20build%20our%20future. accessed on 01.02.2022.

Marks and Spencer	"Plan A is at the heart of our plans to become a sustainable, international, multi-channel retailer. It's become a vital part of how we run our business, as well as helping us to maintain high levels of customer trust and employee engagement. But I believe Plan A should represent more than a better way of working; it should materially improve our customers' and partners' experience of M&S. It should inspire and engage the millions of people who visit our shops worldwide each week by helping us deliver our core purpose. And our core purpose is simple: Enhancing lives. Every day." [13]
EasyJet	"Seamlessly connecting Europe with the warmest welcome in the sky. Our purpose defines who we are and guides our actions and decisions. easyJet aims to make travel easy, enjoyable and affordable, whether it is for leisure or business."[14]

Table 2 – Examples of Purpose Statements

[13] https://onpurpose.org/en/our-community/marks-and-spencer/#:~:text=It%20should%20inspire%20and%20engage,Every%20day. accessed on 01.02.2022

[14] https://corporate.easyjet.com/about/our-values#:~:text=Our%20purpose&text=easyJet%20aims%20to%20make%20travel,is%20for%20leisure%20or%20business. accessed on 01.02.2022

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Aligning Strategy to Purpose

The role of Performance Management Systems

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Abstract

Corporate purpose has been defined as an *organization's enduring reason for being*. It explains *what* and *why* an organization *is* in relation to society. Although not explicitly defined as embedding global development goals, this concept has been related to societal value creation, which also strives corporate strategy, business performance and restores trust in business corporations. Whereas the benefits of corporate purpose for the business and society are unanimously recognized, how purpose can be enacted and sustained in practice needs to be further understood. We argue that Performance Measurement Systems (PMS) can play a powerful role in instilling a sense of purpose within the organization as well as in aligning corporate purpose with strategy. To this aim, it is necessary to innovate the way in which PMS are designed and orchestrated, and a key role can be played by management accounting professionals. By relying upon three exemplary case studies, we identify the key features of PMS for the purpose-driven organization, and we provide guidelines for management accountants to play a

leading role in designing and orchestrating these PMS, thereby embedding purpose into actions and striving its positive relationship with business performance *and* societal value creation.

INTRODUCTION

Over the past decades several high-profile incidents of corporate failure and episodes of managerial misconduct have consumed public trust in corporations. Rather than being mere 'consumers of trust', corporations should undertake proactive initiatives for 'generating trust' by disclosing and demonstrating their commitments to global development and societal goals (Mayer, 2013; Mazzucato, 2018). However, despite the "enlightened narratives of leaders who define the scope of business as 'profitability with responsibility', it remains limiting for businesses to become generators of trust" (Hollensbe et al., 2014, p. 1227).

One way for organizations to address this challenge is to reflect upon their 'purpose', that is *what* and *why* they *are* in relation to society (Bartlett and Ghoshal, 1994). More specifically, *purpose* is the organization's enduring reason for existence. It relates to the organization's societal contribution in a way "that aligns with long-term financial performance, provides a clear context for daily decision making and unifies and motivates relevant stakeholders" (Ebert et al., 2018, p. 4; see also *The Purposeful Company Interim Report*, May 2016). Therefore, the focus of purpose spans much beyond economic value creation. It is "associated with enhancing the wellbeing and prosperity of shareholders, society and the natural world" (Meyer, 2021, p. 889).

While corporate purpose connects to global aims, it also needs to be embedded into day-to-day decision-making, as well as to the tasks and motivations of leaders, middle managers and employees at different organizational levels (Gartenberg et al., 2019). Indeed, purpose "explains how the people involved with an organization are making a difference, gives them *a sense of meaning*, and draws their support" (Quinn and Thakor, 2018, p. 79 –emphasis added).

Although the benefits of purpose on both organizational performance and social wealth are almost unanimously recognized by both practitioners and academics (Hollensbe et al., 2014; Ebert et al., 2018), there is scant evidence about *how* purpose can be sustained in practice and aligned with strategy and financial results. As highlighted by Meyer (2021, p. 889), purpose is about 'solving problems of people and society' through profitable solutions. It is not merely aspirational: it *has* to be enacted in practice. On this regard, we argue that a key role can be played by Performance Management Systems (PMS), as they are concerned with the achievements of organization's ends, *as well as* with the means used to achieve these ends at a societal, organizational, and individual level (Broadbent and Laughlin, 2009, p. 283).

However, traditional PMS are designed following a vision-mission-strategy-structure instrumental chain (Wouters & Wilderom, 2008). This chain does do not capture the way in which managers at different organizational levels can be empowered, motivated and committed toward *shared* goals through *shared* means. Furthermore, there is scant evidence about the means and tools that management accountants, as orchestrators of the PMS, can draw upon to play a leading role in instilling and channelling the 'sense of purpose' into strategy and operations.

We argue that, if adequately designed and implemented, PMS can be innovated and drawn upon by management accountants as a powerful tool for aiding organizational purpose in practice. By leading the design and implementation of such PMS, we believe that the management accounting profession and practitioners can play a central role in embedding *purpose* into action, not as a set of abstract values or pre-given objectives, but as a business path for both social impact and organizational performance.

This research explores how PMS can be designed and implemented to support *purpose-driven* organizations, as well as the role of management accountants in leading and orchestrating such PMS that align purpose to strategy. By collecting a set of critical practices and examples from experts and professionals within three exemplary case organizations, we will show the key features that can be drawn upon by management accountants to effectively shape and lead the design of PMS to enact purpose in practice. Our aim is threefold:

1) To provide guidelines on how to design innovative PMS as mechanisms for engagement and empowerment, striving actions and decision-making towards corporate purpose.

2) To innovate the way in which management accountants lead and orchestrate PMS within organizations.

3) To critically reflect on the patterns for management accountants' training and education, to empower the management accounting profession in the development of innovative PMS design for the purpose-driven organization.

To achieve these objectives, we will address the following research questions:

- How can PMS be designed to enable individuals to visualize the challenges of the organization and envision business purpose that can be measured, communicated and managed?

- How can mediation process between multiple intents be achieved and sustained over time and trade-offs managed?

- What are the methods, skills and evidence-based learning that management accountants can draw upon to play a leading role in ensuring continuous engagement with corporate purpose, steering both performance and the organization's contribution to social wealth and development?

This research is structured as follows. Firstly, we review the relevant literature on corporate purpose to emphasise its key features, as well as its relationship with performance and value creation at the societal and organizational level. This literature emphasises the need to further understand how to enact purpose in practice and recognizes that a pivotal role can be played by PMS. In section 3, we highlight four PMS features that are relevant for the purpose-driven organization. In section 4, we explain the research methods, and, in section 5, we introduce three exemplary case studies. Two of these three cases are analysed in the subsequent section 6 where we explain their purpose-driven approaches and the PMS at work. In section 7 we add also the insights from the third case to discuss the guiding principles of PMS for the purpose-driven organization, as well as the leading role of management accountants. Here, we also argue that these principles and related exemplary cases can be used to enhance training patterns and education for the management accounting profession, to enhance the management accountants' role in sustaining corporate purpose.

THEORETICAL CONTEXT

What is corporate purpose?

The pragmatic theory of the firm (Madden, 2020) provides a four-part purpose of the firm that clarifies its role in a market economy, thereby defusing the conflict between shareholder and stakeholder proponents:

1. Communicate a vision which inspires and motivates employees to work for a firm committed to behaving ethically and making the world a better place.

2. Survive and prosper through continual gains in efficiency and sustained innovation, which critically depend upon a firm's knowledge-building proficiency. Nothing works long term if the firm fails to earn the cost of capital.

3. Work continuously to sustain win-win relationships with all of the firm's stakeholders.

4. Take care of future generations giving particular attention, at the early stage of the design of products and manufacturing processes, to minimizing waste and pollution.

Maximizing shareholder value is best positioned not as the purpose of the firm, but as the result of a firm successfully achieving its purpose. The fundamental determinant of a firm's long-term performance is its knowledge-building proficiency. The pragmatic theory of the firm connects a firm's long-term performance to its market valuation via the firm's competitive life-cycle framework and related valuation model (Madden, 2021), which have been adopted by money management firms worldwide. It offers a different way of thinking, including firm risk defined as obstacles to achieving the

firm's purpose. It provides useful guideposts to improve resource allocation decisions (Frigo and Madden, 2020) and offers practical guidelines to the vexing problem of handling intangible assets, which are increasingly driving the New Economy.

During a training session in 1960, David Packard, co-founder of Hewlett-Packard, said:

"I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company's existence, we have to go deeper and find the real reasons for our being. Purpose (which should last at least 100 years) should not be confused with specific goals or business strategies (which should change many times in 100 years). Whereas you might achieve a goal or complete a strategy, you cannot fulfil a purpose; it's like a guiding star on the horizon — forever pursued but never reached. Yet although purpose itself does not change, it does inspire change. The very fact that purpose can never be fully realized means that an organization can never stop stimulating change and progress" (quoted in EY Beacon Institute, 2016, p.11)

The concept of purpose is certainly not new in management and organization literature. In 1994, Bartlett and Ghoshal called for a major shift in the role of top management within corporations, "from setting strategy to defining *purpose*" (1994, p. 80 – emphasis added). They claimed that, with the increasing complexity of global corporations, the traditional strategies-structures-systems paradigm which had predominantly informed organization design and 'old doctrine of strategy' needed to be replaced by a different approach, focussed on people, processes and *purpose*. They argued that whereas top managers need to 'control' strategy, increasing formalization undermines frontline

managers affinity to it, losing commitment to *what* and *why* organizations *are*, that is organizational purpose.

Purpose was defined by Bartlett and Ghoshal as "the embodiment of an organization's recognition that its relationships with its diverse stakeholders are interdependent" (1994, p. 88), and more recently as "a concrete goal or objective for the firm that reaches beyond profit maximization" (Henderson and Van den Steen, 2015, p. 327). It follows that organizational purpose needs to be grounded on the recognition that organization and society have a mutuality of interests, encompassing the wellbeing of current and future generations: "it embraces the notion of going beyond *being* to *becoming*" (The Purposeful Company Interim Report, May 2016, p. 20). The 'sense of purpose' requires *shared meanings* within the organization (Carton et al., 2014), with individuals projecting their aspirations and intent into *it*, while conceiving the business as the 'carrier' of their shared intent in society (see Henderson and Van den Steen, 2015). Therefore, the purpose of the organization cannot simply be fixed and captured into corporate statements (Gartenberg et al., 2019), but it requires to be embedded into people's actions and decisions.

As effectively emphasised by the EY Beacon Institute, organizational purpose is an 'aspirational reason for being that is grounded in humanity and inspires a call to action' (EY Beacon Institute, 2016, p. 10). It includes a 'humanistic focus' on well being and on meaningful work within the organization, as well as a broader focus on societal value creation, inclusive capitalism and sustainable development at the macro level (Karns, 2011). Organizational purpose is, therefore, different from the notions of visions, mission and strategic goals of the organization. Whereas the mission explains *what* the

company does, organizational purpose focuses on *why* the organization does it, thereby shaping its mission, vision and values. Furthermore, purpose is an enduring reason for being that strives the organization towards ongoing transformation in the attempt to achieve it. Differently, strategic goals evolve overtime as they are progressively achieved (EY Beacon Institute, 2016). For purpose to inspire actions, it is necessary that managers and employees have a perception that the company for which they work is 'purposeful' and that their work is contributing to achieving that purpose. Also, the sense of purpose along with clarity of goals (Henderson and Van den Steen 2015; Gartenberg et al. 2019) sustain middle management in achieving higher performance.

Despite the various definitions of corporate purpose provided by practitioners and academics, there are a number of features that are commonly implied by these definitions. Purpose is:

(1) *inspirational* and *actionable*, as it needs to inspire actions and decision making towards shared goals;

(2) *resilient*, as it needs to endure over time;

(3) *humanistic*, as it encompasses individuals' engagement, well-being and meaningful work within organizations;

(4) *societal*, as it is needs to be linked to the 'common good' and broader sustainable development.

Whereas the humanistic dimension of purpose emphasises its effects within the organization, in terms of empowering and motivating individuals toward shared work and objectives, its societal dimension emphasises its links with social and sustainable development.

Benefits and challenges: insights from the debate and practice

Following Bartlett and Ghoshal's seminal work, there have been further calls for organizations to rely on 'purpose' as an overarching framework for them to interrogate their ends (*why* actions take place) and means (*how* actions take place), questioning and researching the societal role of the business and ensuring commitment to it at all organizational levels (Hollensbe et al., 2014).

For example, following a debate initiated in 2011 and involving a wide range of businesses, NGOs, investors, academics, and different faith groups, The Blueprint Trust was established in 2014 with the aim of uniting corporate purpose and personal values to serve society and establish principles of responsible business. Blueprint Trust finalized *Five Principles of a Purpose Driven Business*, as well as a guiding framework on corporate purpose. This framework emphasised the need to aspire towards the 'common good', as well as the need for organizations to deliver value by serving society[15]. The five principles of a purpose driven business include: having a purpose that delivers long-term sustainable performance; being responsible and responsive employer; good citizenships; being guardian for future generations; honesty and fairness with customer and suppliers. These principles need to be grounded on solidarity ('other people matter'), subsidiarity (freedom with responsibility), reciprocity (building trust and trusting relationships), plurality (valuing diversity and building bridges), sustainability (stewardship of people, values and recourses) (Blueprint for better business, 2014).

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[15] https://www.blueprintforbusiness.org/background/. Accessed on 25 October 2020.

Starting in 2015, a consortium of academics, policy makers and organizations promoted a debate around corporate purpose in the UK, in the attempt to "mobilise people to make change happen" (The Purposeful Company Interim Report, May 2016, p. 3). This debate has emphasised the internal, external, societal and moral dimensions of purpose, as well as its relationships with company's performance:

> "[Purpose] defines its *existence and contribution to society*. It determines its goals and strategy. Underlying it is a set of values and beliefs that establish the way in which the company operates. Purpose is as fundamental to a corporation as our purposes, values and beliefs are to us as individuals" (The Purposeful Company Interim Report, May 2016, p. 19 – emphasis added).

In 2015, a research conducted by EY Beacon Institute and Oxford University Säid Business School found that between 1994 and 2015 public conversation about purpose has increased five fold (EY Beacon Institute, 2016, p. 13; see, also, White et al., 2016). As highlighted in EY Beacon Institute's Report on 'The state of the debate on purpose in business' published in 2016, the raising interest in organizational purpose has been triggered by the deficit of trust in businesses, as well as by increasing social inequalities and the raising sustainability imperative. This research emphasises the potentials of purpose in terms of instilling strategic clarity, promoting innovation and transformation, fulfilling aspirations towards societal goals and contributions, and building bridges across industries. To these aims, both 'aspirations' and 'actions' are necessary within organizations to channel purpose into business performance and societal value. As effectively argued by Laughing Hickey, former head of tax, KPMG, "the purpose of purpose is actually to animate humans to do something. Therefore, it

must actually connect into their aspiration to be the best they can be"[16]. Within a recent white paper of CMI (Chartered Management Institute) and Blueprint for Better Business, (Ebert et al. 2018) highlighted the key benefits of 'purpose', such as: increasing and maintaining legitimacy in business; attracting, retaining and motivating talent; fostering strong customer and stakeholder relationships; increasing employee psychological wellbeing; increasing business performance.

According to a survey of 474 executives conducted by Harvard Business Review Analytic Services, and sponsored by EY Beacon institute, the benefit of purpose on organizational performance are almost unanimously recognized (Harvard Business review, 'The Business Case for Purpose', 2015). However, according to the survey, less than half of the 474 executives believe that it is actually used by corporate managers in strategic and operational decision-making processes. Also, the survey revealed a lack of integration of purpose within such areas as leadership development and education, and performance metrics and reward systems, although these areas are believed to be key areas where purpose should be integrated.

In 2015 another survey conducted with 217 executives by EY Beacon Institute and Forbes Insights, and published in 2016, found that the more senior the executives, the more optimistic the view on the centrality of purpose for the organization and on the extent to which purpose is actually embedded into strategic and operational decision-making. Furthermore, "whilst 66% of organisations are setting out their purpose, only 26% discuss a link between purpose and strategy, contradicting others who believe that purpose is a key strategic benefit" (Ebert et al., 2018, p. 8). More broadly, as emphasised by Deloitte in 2017 following discussions with large and small, public and

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[16] https://www.blueprintforbusiness.org/purpose/ Accessed on 5th June 2018.

private, organisations combined with research on the top 150 of the FTSE350: "while two thirds of large businesses have a purpose of some description, only a quarter make an explicit link with a wider social, environmental or economic goal. Of those companies which link the purpose with sustainable development, half explicitly embed the purpose in strategy" (Deloitte, 2017, p. 9). Along these lines, Deloitte Report (2017) highlights the need for organizations to link their purpose to sustainable development goals (see also Busco et al., 2018).

The links between corporate purpose and global societal challenges have been emphasised by the British Academy in their 2018 and 2019 reports from 'The Future of the corporation' program. Following a research involving a large range of business leaders, experts, government officials, leading academics and civil society representatives, they endorsed the need for an urgent reflection on the purpose of corporations, linking it to global challenges, such as the challenges expressed by the UN Sustainable development goals.

These reports emphasise the importance of the corporate governance systems for sustaining purpose: "The board of a company should determine the firm-specific metrics against which fulfilment of purposes beyond minimum legal and regulatory standards can be evaluated" (The British Academy, 2019). The report "Reforming Business for the 21st Century", clearly indicates that the measurement of purpose should be meaningful and that "measurement remains the most important condition for creating a working approach to managing and delivering aligned purposes" (The British Academy, 2018, p. 17).

As part of this growing debate, in August 2019 the American Business Roundtable led more than 180 CEOs to sign a document committing them to corporate purpose, beyond

profit maximization and towards all stakeholders (Business Roundtable, Statement of Corporate Purpose, updated February 2020)[17]. This was further endorsed by the Financial Times launching a campaign for resetting capitalism in Autumn 2019, stating that: "The long-term health of free enterprise capitalism will depend on delivering profit with purpose" (Lionel Barber, Financial Times, launch of the campaign, September 2019).[18] Also, in November 2019 the 'Corporate governance Manifesto' of the UK Institute of Directors (IoD) called for a clear 'business purpose' statement to be included in the company's constitutional framework: "The Government should seek to encourage companies to adopt clearly defined 'business purpose' clauses, either in their constitutional framework or elsewhere in their annual report" (IoD Manifesto, 2019, p. 6). The relevance of finding a roadmap for redefining corporate purpose was further reiterated in the World Economic Forum Annual Meeting, in January 2020[19], that was followed by the "Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution". The Manifesto states that the performance should include the achievement of social and environmental goals along with the financial return. It highlights that corporations should not only try to satisfy the expectations of their stakeholders but should act as a stakeholder themselves, along with the non profit sector and governments (Davos Manifesto, 2020).

Recent studies emphasise that the positive association between purpose and corporate performance requires clear resource allocation and direction from management, as well as the active involvement of the middle ranks of an organization. By drawing on a sample of US companies with approximately 500,000 survey responses, Gartenberg et

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[17] https://opportunity.businessroundtable.org/ourcommitment/ . Accessed on 11 February 2020.
[18] https://aboutus.ft.com/en-gb/announcements/ft-sets-the-agenda-with-new-brand-platform/ Accessed 11 February 2020.
[19] https://www.weforum.org/agenda/2020/01/its-time-for-a-radical-rethink-of-corporate-purpose/ Accessed 15 April 2020.

al. (2019) explored the sense of purpose at different organizational levels and found that "the more senior the employee, the stronger is the perceived purpose of the organization" (p. 2). This result is in line with the findings from previous research (Graham et al. 2017, Ernst & Young and Oxford University Säid Business School 2016), showing that the sense of purpose is not particularly strong among lower levels of the organization. However, Gartenberg et al. (2019) also show that firms with midlevel employees with strong beliefs in, and clarity about, the purpose of their organization achieve better performance. It follows that corporate purpose requires the commitment of front line, middle managers, and lower levels of the organization, to fully unlock its potential:

> "Once a purpose is agreed, it must go beyond a formal announcement and be embedded throughout the organisation, to ensure that all stakeholders believe in and act to promote that purpose. Purpose has to flow throughout the company. The board and leadership team need to consciously own the purpose, create the mind-set, spill it into decision making, and reinvent the operating model of the company where necessary" (The Purposeful Company Policy Report, February 2017, p. 10).

Following the Interim Report of 2016, the 'The Purposeful Company Policy Report, February 2017' provided a number of recommendations for policy-makers to promote organizational purpose. These recommendations included promoting 'purposeful' reporting and accounting practices. Furthermore, as emphasised by Carton et al. (2014): "It is thus imperative that leaders influence employees not only to acquire a sense of purpose— but a sense of purpose that is construed by different organizational members in the same way" (p. 1545). In their view, the positive association between purpose and performance is grounded in the leaders' ability to instil shared meanings and cognition

about the ultimate goal of the organization. As showed in Deloitte report (2017), to unlock its benefit, corporate purpose needs to be embedded into strategies and operational models (including internal control and reporting), as well as culture and values. Similarly, EY Beacon Institute (2016) emphasises the needs for integrating purpose into such aspects as strategy development, leadership training and education, performance metrics and rewards.

More recently, in their 2019 Report on the "Principles for purposeful business", the program of the British Academy on the Future of Corporation has emphasised measurement and performance as two key principles for purposeful organizations. From this point of view, measurement should take into account "impacts and investment by companies in their workers, societies and natural assets both within and outside the firm" (p. 8), whereas performance "should be measured against fulfilment of corporate purposes and profits measured net of the costs of achieving them" (p.8). These aspects have been further explored by Stroehle et al. (2019) in a working paper of the British Academy, within which they advocate for a greater integration between financial and non-financial measures to achieve transformational change towards a purposeful company.

Following the COVID-19 pandemic, organizations have been confronted with unprecedented difficulties. Preliminary assessments of how companies have been adjusting to COVID-19, show that the severe impact of the pandemic crisis has led to mass layoffs and closures, despite stimulus bills issued by governments (see among others: Bartik et. al, 2020; Humphries et. al, 2020; Chinn et. al, 2020). Nonetheless, navigating through the uncertain circumstances caused by the outbreak of COVID-19 has been understood as a challenging moment to prove a company's purpose (Bertolino, 2020), emphasising the importance of a close collaboration between governments and

companies in addressing societal needs (Lawton, Dorobantu et al. 2020), and urging to accelerate the much debated move from CSR to purposeful business (Crane and Matten, 2020). Recent research has also shown that some companies have changed their missions and visions along with the business strategies in order to respond to the pandemic needs with adequate products and services (Bapuji, de Bakker et al. 2020). In a survey done by EY, with 1,470 business leaders from around the world, it emerged that 66% of executives are already profoundly rethinking corporate purpose, while majority believes that embedding purpose into action will help them in the time of crisis (EYGlobal 2020).

A report published by McKinsey outlined seven sets of actions to be taken by business organizations to tackle the pandemic-related crisis, *demonstrating purpose* was among them (McKinsey, 2020). This has been further explained by Schaninger et. al, (2020) for McKinsey: "Those who have carefully honed a sense of company purpose will find a foundation and set of values that can guide critical and decisive action. For others, this moment can represent the first steps toward defining their corporate purpose in a deliberate way" (p.2). Key recent contributions on Organizational Purpose are listed in Table 3.

---------------insert Table 3---------------

Despite the number of calls for organizations to become purpose-driven, and to re-visit their current performance measurement and reporting systems, there is still scant evidence about *how* this is happening or can happen in practice at different organizational levels: "despite the widespread attention given to the importance of a shared purpose, it is the rare leader who successfully establishes it" (Carton et al., 2014,

p. 1566). Therefore, more research is needed to understand the actual mechanisms that can help leaders to establish a shared sense of purpose.

Whereas the global crisis is suggesting companies to reflect and reconsider their purpose, corporate purpose also provides for a key resource for companies in addressing these challenges. In this context, we argue that a powerful role can be played by PMS, as we discuss next.

Performance management systems and corporate purpose

Performance management systems (PMS) are defined as the systems "concerned with defining, controlling and managing both the achievement of outcomes or ends *as well as* the means used to achieve these results at a societal and organizational, rather than individual, level" (Broadbent and Laughlin, 2009, p. 283). PMS play a pivotal role for enacting corporate strategies and achieving organizational performance, as well as for managerial alignment to the strategic intent of the organization (Kaplan and Norton 2007; Ferreira & Otley, 2009; Adler, 2011; Broadbent and Laughlin, 2009; Wouters & Wilderom, 2008).

Whereas traditional PMS are designed by following an instrumental, goal-oriented, approach, we believe that the purpose-driven organization needs *innovative* modes of PMS design, based on communication, engagement and people, rather than cause-effect instrumental chains of vision-mission-strategy-structure. Therefore, to make purpose happen, PMS should be designed to foster engagement and empowerment, rather than to provide pre-defined precepts for achieving business ends.

Recent research on PMS (Quattrone et al., 2016; Busco and Quattrone, 2018) has suggested that, to prompt wise judgment, user engagement, and an ongoing reflection of what counts as relevant knowledge, PMS should be:

(a)   visually centred. Visualizations are key to shape how PMS users understand and connect to organizational challenges, perceive the company's history and envision company's future.

(b)   methodologically engaging. PMS need to provide a method for prompting users' engagement, ordering complexity, and creating opportunities for debate and confrontation.

(c)   measurement driven. PMS should encompass a motivating ritual and provide a platform to sustain users' engagement over time through measurement.

(d)   a means of mediation and communication. PMS need to ensure mediation among diverse interests, rather than suppressing differences, to maximize opportunities for innovation and ensure stakeholder engagement and motivation.

These features are likely to be relevant also in the design and implementation of PMS for the purpose-driven organization, as we further discuss next.

Visualizations – Purpose needs to be 'envisioned'

As emphasised by EY Beacon institute and Forbes Insights (2016), bringing organizational purpose to life requires its effective 'articulation', in terms of clear expression and communication, as well as its 'activation' through tangible, visual, practices. According to Carton et al. (2014), the poor use of these practices explains the

failure of leaders' communication about organizational purpose. By relying upon an archival study of 151 hospitals and an experiment with 62 groups of full-time employees, Carton et al. (2014) demonstrate that the use of visual imagery and a greater focus on key values have powerful effects on embedding a shared sense of purpose (see, also, Rowden, 2000).

Reports, metrics, info graphics, maps, all provide for a visual performable playground to envision corporate objectives and strategy, linking them to the fundamental aims of the organization. Through their tangible articulation and visual signalling power, performance metrics, dashboards and reports, enable managers to visualise the strategic challenges/goals, the space for engagement and the possible path towards development (Busco and Quattrone, 2015). The role of these visualisations is important because they shape how users perceive, understand and relate themselves to organisational challenges, goals and strategies, and therefore prompt users' engagement with them. It follows that visualizations in performance measurement and reporting systems are likely to play a key role in instilling purpose, helping managers envision its links with strategy while fostering a shared understanding and commitment to it.

Engagement – Purpose requires commitment to it

According to Bartlett and Ghoshal, purpose should rely on 'intuition' (1994, p. 84), depending on how managers appropriate purpose, link it to strategy and embed it into action and decision-making. The role of leaders is to instil a sense of purpose, guiding people's actions and behaviours (Carton et al., 2014). It follows that engagement with

corporate purpose is crucial at all levels, and it is necessary to ensure a positive relationship with strategy and organizational performance (Gartenberg et al., 2019).

To this aim, PMS can be designed to provide a method for engagement, ordering complexity (Busco and Quattrone, 2015), linking purpose to strategy by fostering commitment and confrontation. These features are necessary to render purpose meaningful to organizational members at all levels.

Measurement – the impact of Purpose requires to be monitored

"Purpose answers the critical questions of who a business is and why it exists beyond making a profit, through a set of carefully articulated core beliefs. But, to be more than just words, purpose must guide behaviour, influence strategy, transcend leaders – and endure." (Punit Renjen, Deloitte Global CEO – quoted in Deloitte, 2017, p. 8).

Shared goals and corporate ambitions are likely to be challenged over time by evolving interests and emerging tensions (Birkinshaw, et al. 2014). Therefore, corporate purpose needs not only to be clearly defined, communicated, and shared through engagement. It also requires appropriate mechanisms to be sustained over time, avoid drifts, ensure resilience and secure the ongoing alignment with strategy. To this aim, PMS offer a portfolio of measures able to capture, drive and sustain the impact of purpose. Driving impact is a balancing act that requires measurement and wise judgement. PMS provide individuals with shared measurement-driven narratives, cyclical paths, and ritualized practices (Busco and Quattrone, 2015) that can help sustaining motivation to, and engagement with, corporate purpose over time, securing its alignment with strategy.

Mediation – Purpose requires to be reconfirmed and shared

According to Madden (2017), "An effective statement of corporate purpose should answer the two-part question: Why does the company deserve the commitment and support of its stakeholders, and what unchanging principles will guide management's actions?" (p. 76). This requires effective communication of shared goals that can motivate and inspire people, as well as "win-win relationships with all important corporate stakeholders" (p. 77). To this aim, corporate purpose requires valuing rather than suppressing diversity. It needs building bridges among different groups of interests (Blueprint, 2014; EY Beacon Institute, 2016). Therefore, making purpose real requires mediation among different perspectives.

The accounting literature broadly recognizes the mediating power of PMS (Ferreira & Otley, 2009; Broadbent and Laughlin, 2009; Waters and Wilderom, 2009). This power needs to be grounded in PMS ability to enable creative tensions in order to maximize opportunities for innovation and ensure managers' commitment and motivation (Busco and Quattrone, 2015; 2018). This is likely to be relevant for instilling a shared sense of purpose, as this sense implies multifaceted goals and objectives.

--------------insert Figure 5--------------

This is particularly true during times of crisis. The challenges of the global pandemic are leading many organizations to rely on their corporate purpose as a key resource for resilience and crisis management. At the same time, organizations with an established sense of purpose are questioning how it can be sustained, to provide for a key resource in addressing global challenges. In this context, PMS may provide for a performable

playground to visualize global challenges, drawing on the shared sense of purpose as a way to reconsider strategic priorities, and select the most appropriate initiative to face global crisis (see, e.g., Koan group report, October 2020). This process may led managers to re-envision corporate purpose itself.

In figure 1, we represent the four PMS features described above and we link them to key aspects of organizational purpose discussed in section 2.

Next, we rely upon the insights offered by three exemplary case studies to discuss whether and how the distinctive features of PMS outlined above can be drawn upon in support of the purpose-driven organization, as a way for building 'purpose', mediating diverse aspirations into it, and thereby striving managerial action towards *it*, particularly during times of crisis and when facing global challenges. Also, we will examine how management accountants can rely upon these principles to orchestrate the design and implementation of PMS for purpose-driven organizations, thereby assuming a leading role in aligning strategy to corporate purpose and make purpose happen in practice. This is an unexplored area in the literature and practice on PMS design. First, we explain the research method.

RESEARCH METHOD

This research adopts a qualitative methodology based on three in-depth case studies of companies operating world-wide and in different sectors. These case studies have

enabled us to identify a set of critical examples of how organizations define, manage and sustain purpose, while embedding it into their strategies and operations through PMS. Over the past years, the case companies have explicitly included purpose into their strategic plan and communications. By analysing the mechanisms at work within these organizations, we investigate the way in which PMS are implicated in this process.

The potential of case studies to illustrate and explain accounting in practice has been widely acknowledged in the literature (see, for instance, Ryan, Scapens, & Theobald, 2002). Also, the case study method is particularly significant for our research as it will allow us to gain an in-depth understanding of the role of PMS in the making of different aspects related to corporate purpose.

Data collection has taken place through the analysis of published reports such as Sustainability Reports, Annual Reports, Integrated Reports and Strategic Plans, as well as internal documents provided with the informants' permission.

Also, we rely upon a number of interviews with key informants from the Finance and accounting department, as well as top and middle managers from different departments of the selected organizations, to compare and contrast the views of different groups of experts, and identify the role of PMS in embedding purpose into action.

Specifically, for each case we have performed following interviews:

Barilla: 23 interviews with top managers and managers from several divisions such as Finance, Sustainability, Supply Chain and Operations that are located in Italy, Southern Europe and USA. The interviews were conducted between 2020 and 2021. We refer to the informants anonymously as "Barilla manager".

AXA: 9 interviews conducted with top managers and managers from Finance, Strategy office, Customer Office, Human resource, Claims and Customer Operations divisions. The interviews were conducted between 2020 and 2021 at AXA Italy. We refer to the informants anonymously as "AXA manager".

Enel: 6 interviews conducted between 2020 and 2021 at Enel in Italy. Interviews were conducted with top managers such as Enel CFO, Head of Sustainability Planning & Performance Management and Human Rights – Innovability - AFC and Head of Administration of Enel Group.

Following Laughlin's Middle Range Thinking (Laughlin, 1995; 2004) approach, we rely upon a 'prior skeletal theory' to inform our data analysis. In particular, we draw on the key insights offered by the literature reviewed in section 2 to research the key features for designing PMS as a powerful tool for engagement and mediation (Busco and Quattrone, 2015; Quattrone, et al., 2016). By drawing on these studies as our skeletal theory, we explore PMS design principles for the purpose-driven organization.

CASE STUDY CONTEXT

Barilla

Barilla is a global Italian family-owned food company established in 1877. With over 8,400 employees, the Barilla group operates in more than 100 countries, with 16 brands, 28 production districts in 9 countries, with a production of over 1,954,000 tonnes of products every year, and a turnover of over 3,600 million euros[20]. Barilla is a world

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[20] Barilla, GYGP 2020 Sustainability Report, pp. 10-13.

leader producer of pasta. Also, it is a leader in the segment of ready-to-use sauces in continental Europe, bakery products in Italy, crispbread in Scandinavia. The group is recognized worldwide as a symbol of Italian food: "Basically, we are pasta makers and bakers; this is the line of work our family has pursued over the last four generations, with the help of outstanding coworkers. It is the only line of work we can and try to improve every day." - Guido Barilla, founder of Barilla company[21].

From 2013, the purpose of Barilla has been captured in the statement: "Good for You, Good for the Planet" (also referred to as GYGP). This statement entails two main dimensions:

- 'Good for you' means providing "good, safe, quality and nutritional balanced products" by "continuously improving the nutritional profile of existing products and launching new products that are tasty, safe and contribute to a balanced diet. Promoting healthy lifestyles and a sustainable diet, inspired by the Italian way of life and the Mediterranean Diet"[22].

- 'Good for the Planet' means ensuring a *sustainable supply chain* "from field to fork" by "improving the efficiency of the production processes in order to reduce greenhouse gas emissions and water consumption. Promoting more sustainable agricultural and farming practices for all of the Group's strategic supply chains"[23].

Barilla fully commits to the Sustainable Development Agenda of the United Nations, linking explicitly the Agenda 2030 to the company's corporate purpose and sustainable strategies.

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[21] https://www.barilla.com/en-gb. Accessed on 4 May 2021.
[22] https://www.barillagroup.com/en/good-you. Accessed on 4 May 2021.
[23] https://www.barillagroup.com/en/good-planet. Accessed on 4 May 2021.

AXA

AXA Group is a leading global insurance group operating in 54 countries with 105 million customers and 153,000 employees[24]. AXA's strategy is articulated into core business areas, including health, protection, and commercial P&C (Property & Casualty) segments. From 2017, AXA Group has embraced a more decentralized organizational structure to ensure greater proximity to customers' need and greater focalization on the strategic transition from a 'payer role' to a 'partner role' in relation to customers. In line with this strategy, the brand tagline of AXA is "Know You Can": *"This positioning symbolizes AXA's new promise to its customers: being the encouraging partner who helps them feel more confident to achieve their goals and go further"[25].*

AXA corporate purpose was explicitly set in 2018 as: "*Empowering people to live a better life*" (see AXA – Integrated report 2017, p. 3). In June 2020, AXA's corporate purpose has been reformulated as: "*Act for human progress by protecting what matters*". According to AXA CEO: "*This reflects our aim of helping our customers, both individuals and companies, and society as a whole to move forward. It also evokes the notion of protection that's at the very core of our business as an insurance company, enabling customers to plan for the future with peace of mind. And in times of crisis, like the one we are experiencing now, this purpose throws light on the direction we need to take, providing a framework for our action*"[26].

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[24] https://www.axa.com/en/about-us/key-figures#tab=financial-data. Accessed on 13 May 2021.
[25] AXA's adventure, 30 June 2020, p. 16.
[26] CEO of AXA - AXA Essentials, 2020 Edition, p. 6.

AXA corporate purpose is articulated into four key values (Courage, Integrity, One AXA and Customer First) and a number of strategic priorities. For example, for the years 2021-2023, key strategic priorities/pillars are:

- expand health and protection;

- simplify customer experience and accelerate efficiency;

- strengthen underwriting performance;

- sustain our climate leadership position;

- grow cash-flows across the Group[27].

Each local entity of AXA fully shares and commits to the corporate purpose, the key four values and five strategic priorities. These priorities are further articulated into strategic objectives and initiatives at the local entity level, as well as into a purpose-driven performance management system.

Enel

Enel is an Italian energy company and one of the leading groups in the energy sector worldwide, with a presence in over 40 countries on five continents. Enel business model focuses on sustainability as a driver of innovation, and it is centred around contributing to the achievement of the UN Sustainable Development Goals. Enel's strategy intends to fulfil its purpose which is: 'Open Power for a brighter future. We empower sustainable progress'. The strategy developed by the company aims to create sustainable long-term value by managing the energy transition through decarbonization and electrification. It does so by relying upon its two enablers, "infrastructures" and

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[27] https://www.axa.com/en/about-us/strategic-plan. Accessed on 23 March 2021.

"ecosystems and platforms" with the intention to actively contribute to fight climate change.

The sustainable progress cited as part of the Enel corporate Purpose is evoked by the CEO and President in the letter to Shareholders and Stakeholders that opens the 2019 Annual Report stating how Enel "industrial model fully integrates sustainability into our business strategy". Being the largest private distributor of electricity in the world, Enel seeks to continue growing considering the main facets of the energy transition that the world of utilities is experiencing. Energy transition is mainly driven by the key challenge of decarbonizing the energy sector, i.e. the progressive shift of energy generation from fossil fuels to renewable sources, together with the acceleration in the electrification of final consumption. Energy infrastructures and digital platforms are key factors in enabling this transition and implement the sustainable strategy identified by Enel through a Purpose-driven integrated business model that aims to benefit from the opportunities emerging from this transition, while limiting the related risks.

The objective of the Enel's performance management system is to govern its strategic thinking, summarized in the equation "sustainability = value", and to present its results and the medium and long-term outlook for a sustainable and integrated business model that in recent years has fostered the creation of value in the context of the energy transition. According to Enel's CFO, investors and analysts are finally aligned: "The growing importance that financial markets give to the equation sustainability = value, is now clear. It is for this reason that the integration of financial and non-financial elements within the narrative of value creation is the only way forward for the evolution of Corporate Reporting."

FINDINGS AND DISCUSSION

Designing PMS for the purpose-driven organization

Visualizing purpose in Barilla – The GYGP report and the PMS

Barilla's corporate purpose was explicitly defined in 2013, "*although its inspiring principles were already fully embedded in the projects and initiatives of the company well before that year*" [Barilla Manager]. Since then, the "Good for You, Good for the Planet" report (referred to as the 'GYGP report') is the tool used by Barilla to communicate its purpose-led initiatives to society at large. The GYGP report enables *visualizing* Barilla's commitment to the GYGP purpose and its contribution to global development.

The report is labelled exactly after the corporate purpose statement of the company ('Good for You, Good for the Planet' – GYGP), and it explicitly relates Barilla's purpose to the Sustainable Development Goals of the United Nations: the GYGP report enables *visualizing* the key results achieved to date and the roadmap for the years ahead according to the 2030 Agenda of the United Nations (figure 2). Also, within the GYGP report, the key dimensions of the GYGP purpose are *visually* articulated into material themes, areas, objectives and initiatives, each with the relevant performance indicators and measures (see figure 3).

------------insert Figure 2------------

------------insert Figure 3------------

In Barilla the GYGP purpose, as well as the monitoring of sustainability risks, are overseen by a specific board, labelled 'Good for You, Good for the Planet Board (GYGP Board)'. The GYGP board is led by the Chief Marketing Officer (CMO), and comprises the Chief Research, Development and Quality Officer (CRDQ); Chief Supply Chain Officer (CSCO) and Chief Communication and External Relations Officer (CCER). The CMO is also supported by the Global Equity and Communication unit (Global Marketing Department). The GYGP board is assisted by a 'GYGP Task Force', in charge of monitoring GYGP-related initiatives. The Task Force includes experts from Communication and External Relations; Marketing; Supply Chain; Research, Development and Quality; and Legal. The task force is also aided by the Sustainability Unit of Barilla.

The strong and leading presence of marketing [in the GYGP task force] ensures closeness of GYGP to the business and markets – Barilla Manager (Controller)

GYGP-related initiatives are also discussed in relation to the group's strategic planning process, which is led by the GLT (group leadership team), guided by the CEO and including the CFO, CMO (who also leads the GYGP board), CSCO, and the Head of Strategy. The GYGP reporting system aid this discussion by providing for a visual platform through which key strategic areas, objectives, initiatives, KPIs and targets are related to the GYGP corporate purpose (figure 3), as well as to global development objectives (figure 2).

For example, in 2019 Barilla has identified 16 themes that have been deemed relevant for the GYGP purpose. The 16 themes have been organized into 6 areas: selected raw materials, safe products, improved nutritional profiles (these three areas were related to

the 'Good for you' dimension of corporate purpose); sustainable agriculture, sustainable production, recyclability and waste, animal and social welfare (these three areas were related to the 'Good for the planet' dimension of corporate purpose). Each area was then related to a specific Sustainable Development Goal and then articulated into a set of projects with objectives, indicators and targets. The achievement of the objectives in relation to the targets can be visualized in the GYGP report.

Within Barilla visualizations enable the key dimensions of corporate purpose to relate to global development goals and strategic objectives. Visualising the purpose-driven strategy of the company paves the way to its execution at the operational level through a pathway for enactment that builds on specific goals and metrics, linked to strategic imperatives. Overall, beyond simple representational purposes, the GYGP report provides for a visual performable space, that is, a schematic visualization that engages users by offering them a space in which they can capture the key elements of corporate purpose visually, linking them to strategic imperatives, objectives, KPIs, and thereby envision their relationships with operations.

Visualizing purpose in AXA – The Integrated Report and AXA business model

AXA new corporate purpose *Act for human progress by protecting what matters* fully informs AXA sustainable value creation and business model. This is captured and communicated visually through AXA 2019 integrated report, where sustainable value creation is represented by linking key resources (related to customers, investors, employees, distributors, partners, government and regulators, civil society) to its business model (articulated into protection, health, asset management, savings, property and casualty) and impact (on customers, investors, employees, distributors,

partners, government and regulators, civil society). Through AXA integrated report, corporate purpose can be visualized as the overarching framework that combines and integrates in the same whole all elements of AXA business model (Figure 4).

-----------------insert Figure 4-----------------

AXA local entities fully incorporate AXA purpose into their strategic planning. In AXA Italy, the strategic plan has been visually represented through the 5 AXA strategic pillars, all joint under the overarching umbrella of the driving purpose: "Act for human progress by protecting what matters", and all sustained by two key enablers: inclusivity & empowerment, and innovation technology (Figure 5).

-----------------insert Figure 5-----------------

This visual representation: *not only explains what we want to achieve, but makes it very clear* why *we want to achieve it, that is the company's purpose. Financial incentives are not enough to motivate people. They need to know the overarching aim of what they do and this overarching aim needs to be clearly communicated and shared inside the company* (AXA manager - Strategy)

While the identification of corporate purpose enables the company to articulate "into words what drives AXA and its teams, expressing both [its] role in the business economy and [its] commitments as a responsible company serving society" (2019 Integrated Report, p. III), the inclusion of the purpose statement in the visualization of

the business model contributes to connect the key elements of corporate purpose with the sustainable value creation process embraced by the company. Visualising the purpose-driven strategy and initiatives of the company paves the way to the execution of purpose at the operational level through a pathway for enactment that builds on specific resources, goals and metrics, linked to AXA's commitments, value and culture.

Engagement – Committing to purpose in AXA Italy

The strategic pillars of corporate purpose in AXA Group are shared among all local entities and are then articulated by each local entity into long term plans, projects, actions and objectives through an iterative top-down and bottom up process. AXA strategic objectives for each pillar of corporate purpose are shared with the local entities through a 'letter of objectives'.

Within AXA Italy, this letter is then articulated further into more detailed letters at the various managerial levels and areas. This process is led by the Chief Executive Officer (CEO), and is facilitated by the Chief Strategic Officer (CSO), with the support of the Chief Financial Officer (CFO) and the management committee.

As part of this process, CEO, CSO e CFO work closely together in sustaining the articulation of purpose into strategies, plans and initiatives (AXA manager – Finance).

As part of this process, key projects are identified and proposed by top managers across the different areas and in relation to the strategic pillars of the corporate purpose. The CSO orchestrates this process by attending key meetings and ensuring that projects are formulated and proposed in line with the priorities of corporate purpose. Following this

preliminary discussion, projects are then examined by the management committee, including the CEO, CSO, CFO, the Chief Customer Officer, Human resource director, Claims&Customer Operations director. This discussion aids the coherence and consistency of the projects, before finalizing the letters of objectives for all managers.

We have a global framework and a local strategy. From the global framework we generate the local strategy which has to link back to the global framework. There is a very good balancing of corporate guidelines and local enactments of corporate purpose (AXA Manager – Human Resource).

Purpose-driven projects and initiatives are then articulated into financial and non-financial KPIs. Financial KPIs are monitored by the Finance office, working closely with the Strategy Office and the Transformation Office both in charge of monitoring the non-financial KPIs. Every three months, top managers meet to discuss and check the progress towards the strategic priorities of corporate purpose. Also, every month all projects, with their KPIs, are monitored and revised. The progress made towards the strategic priorities of corporate purpose is reported to AXA corporate at least twice a year.

The strategic priorities of corporate purpose are fully reflected into managers' performance assessment and incentive system. Corporate performance is measured 50% according to financial objectives, 50% according to the objectives of the entity target letter (related to the 5 strategic pillars of corporate purpose). Managers' performance is measured 50% according to the corporate performance and 50% according to the managers' target letter (in line with the 5 strategic pillars plus the 2

enablers of corporate purpose). Therefore, the strategic pillars of corporate purpose affect twice the assessment of managerial performance. As part of this process, performance appraisal also takes into account the managers' alignment with 12 strategic commitments that articulate the key values of corporate purpose.

These commitments refer to concrete actions for the managers to enact the values of corporate purpose. They are fully embedded in our culture and supported through continuous communication and discussion (AXA Manager – Human resource).

Through the PMS, AXA corporate purpose provides for an 'integrating framework' binding all strategic priorities together and enabling employees and managers understand the rationale for their operations and decisions:

You can see corporate purpose in all operations. [..] It explains what you do, why you do it, and how to arrive where you wish to arrive. [..] It provides for a binding reason, linking and aligning diverse operations together (AXA Manager – Strategy).

Within AXA purpose means engagement. Engagement is key in articulating and enacting purpose, by prompting managers' and employees' commitment to it.

Barilla - Sustaining purpose through measurement

To support the alignment between brand/local strategies, corporate strategies, and the GYGP purpose *through* operations, Barilla has adopted an integrated 'operations scorecard'. This tool provides for a *method* for integrating financial and non-financial KPIs related to Barilla's corporate purpose within a platform shared across Barilla's

group. The scorecard is divided into a number of key dimensions, reflecting the purpose of Barilla (see figure 6). Each dimension has same weight:

1) People, including health and safety, training, absences, injuries and accidents;

2) Product, including product quality, and customer complaints;

3) Planet, including waste, recycling, energy and water consumption;

4) Profit effectiveness, concerning asset usage effectiveness;

5) Profit efficiency, concerning asset usage efficiency.

These dimensions are then linked to further performance metrics on CAPEX and working capital.

For each dimension, the scorecard shows the YTD (year to date actuals), objectives, variance (%) from the budget, LY (last year results), variance (%) from LY. A snapshot is provided below[28]

Favourable variances are marked with the green colour, whereas adverse variances with red colour.

The operations scorecard (group level) is then articulated at the regional level (e.g. Europe, USA). Each regional scorecard is further articulated into product category (e.g., meal, bakery, etc.), and then into further geographical zones (e.g. South, West, North, Central). Each zone is then articulated according to different production sites/plants (e.g., Ascoli, Cagliari, etc.).

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[28] Source: company material

Through this articulation, the operations scorecard provides for a shared platform through which all operation managers can visualize the performance of each plant in each region, in line with the key dimensions of the GYGP purpose.

For example, we had a project of reduction in energy consumption by 10% in [name of plant]. Related performance indicators were included in the scorecard and in the end we could see we did better then what was budgeted. I was very pleased to see those achievements through the scorecard. I am very proud of this tool. If we budget as CAPEX an important investment, then we finalize the KPIs so that the investment makes sense. – Barilla Manager (Controller)

We see an opportunity for improvement, and we measure it. Measuring is like looking ourselves in a mirror. [...]. When we do something, we need to see a KPI that moves coherently – Barilla Manager (Operations).

-----------------insert Figure 6-----------------

The operation scorecard for all plants is fully visible and shared within the group. This makes it possible to managers from different plants to compare targets and results, identify best practices and discuss opportunities for learning and improvements, sharing best practices across plants: *Such sharing accelerates the speed of improvements along the lines of the GYGP purpose reflected in the KPIs* – Barilla Manager (Operations).

The score card gives visibility to what happens in other plants, making it possible to reflect about our comparative performance in a more intuitive way. If I see significant

differences in the achievements of KPIs, I start interrogating why this happens and discuss it with colleagues from other units, checking the possibility to adopt their best practices and mirror their successful initiatives. The scorecard helps doing this exercise – Barilla manager (Supply chain).

The scorecard was designed internally in 2010, and since then it has maintained the same structure. Every year (in September-December) the targets are set for the subsequent year to ensure a process of continuous improvement. Specific (non-financial) targets are proposed by operation managers at the plant level following a process of analysis and data collection. Targets are then discussed and aggregated at the Operations level, ensuring consistency with the strategy and with financial KPIs.

It is the operation manager who looks at what happens in the factories and propose targets, filling the scorecard with numbers. Then, with Finance, consistency with overall financial objectives is checked so that the numbers are aligned with corporate performance – Barilla Manager (Controller)

It is a bottom-up approach but there is no difficulty in aligning the objectives. We share the same mindset through the scorecard, that is about continuous improvement in all dimensions of the scorecard – Barilla Manager (Supply chain).

The full visibility of the scorecard across the group facilitates the alignment of KPIs across the different units.

For example, you will not see major differences across units in how much we invest in training to enable employees working in fully safe conditions. We are all aligned through the visibility enabled by the scorecard. 'Good for you' *for the people working*

in a plant also means zero accidents. We all share the target of zero accidents and the training is all aligned with it across the group. Training gives the capability needed for zero accidents, this is a priority and we are aligned with it – Barilla manager (Supply chain)

Financial KPIs are managed by the Finance Unit, with finance managers working closely with operation managers in each plant.

With finance we negotiate CAPEX and profit objectives. There is a strong collaborative work with finance, ensuring that every month we have a good visibility of where we are in terms of financial KPIs, if we are going in the right direction in cost reduction and Capex, so that we do not find ourselves at ¾ of the year being far from our targets. It is an important collaboration as they help us translating our operations in financial terms – Barilla Manager (Supply chain).

Non-financial KPIs are managed by operation managers at the factory, brand, and region level.

There is not always a one to one relationship between the investment and the outcome, as it involves soft organizational aspects. This fact moves our attention and discussion from the targets to what we do [the projects] to achieve these targets. It is through this discussion that we can find a relationship between the investment and the outcome – Barilla Manager (Operations)

The achievement of the targets is supported by projects, that are planned on an annual basis:

The targets in the scorecard are the crossbar we follow for the entire year. But it is not just a matter of targets. We discuss the best projects for achieving those targets, and this is done during the planning process- Barilla Manager (Operations).

To us one of the most crucial moment is the budgeting for the next year as it is when we discuss about the objectives that will be communicated externally and that will be achieved only if we measure what we do. Through measurement, we look for continuous improvement. And behind the measures there is an intense definition of projects. This is a virtuous cycle. Without projects there is no improvement – Barilla manager (Supply chain)

Data are uploaded into the scorecard at the plant level, and are then aggregated at factory, product and regional levels, and shared across regions. Every two or three months, reports from the scorecard are discussed at the supply chain level. Every month, they are discussed at the plant level, examining variances and opportunities for improvement.

What *matters is the coherence between the KPI and our purpose. If you entered a plant this morning at 8:30am you would see people discussing about the data of last week scorecard. These data are the same that are then summarised in a weekly and monthly report, to check the coherence of what we do* [...] *We have automatic systems that measure and detect anomalies, for instance, in water depuration. These indicators can change our agenda of the day as they provoke immediate actions and not just long term planning* – Barilla Manager (Operations)

The operation scorecard is the most relevant tool used to monitor each month whether operations are moving in the right direction towards the achievement of the Planet, People, Product, Profit objectives, in line with the GYGP purpose.

As emphasised by a Barilla manager (Supply chain), *the most important benefit of the introduction of the scorecard has been visualizing the alignment with the objectives reported externally, through a scorecard that is shared across all plants, making it easier to consolidate operations within a coherent strategy*.

30% of monetary incentives of operation managers are linked to the achievement of selected KPIs in the scorecard. Also, the alignment of the KPIs to the GYGP purpose facilitates individuals' commitment to the KPIs, as well as individuals' understanding of how to achieve the targets: "*When we work on projects to achieve the KPIs, it is much easier to motivate our teams as they understand they fit with the GYGP purpose*" – Barilla manager (Operations)

It is clear that people are proud to work for an organization like Barilla deploying this [GYGP] purpose-driven mindset. People know that Barilla invests in training to help preventing accidents. They also know that Barilla invests for the environment aiming to achieve carbon neutrality, and employees appreciate these investments. Employees also know that Barilla invests in a third dimension that is 'Good for the community', to sustain the communities where we operate. These initiatives foster a strong sense of belongingness and proud for the GYGP purpose. And employees understand the 'obsession' for quality. They know that without perfect quality products are not delivered to customers – Barilla manager (Supply chain).

Within Barilla, the integrated operations scorecard offers a motivating ritual that engages participants with different backgrounds in a process that link operations to the GYGP purpose. The measures included in the integrated operations scorecard make the enactment of a purpose-driven strategy possible by mediating across multiple performance. Through this process of mediation corporate purpose is made meaningful and fully operationalized together with the possible organizational trade-off that its pursuit entails.

Barilla – Mediating between brand/local enactments of purpose and a holistic vision

Although it is not formally articulated at the brand level, the GYGP corporate purpose in Barilla strongly informs brand strategies: brand managers propose purpose-inspired projects that are then validated by the GYGP board. This approach ensures the closeness of purpose-led projects to brands and local markets. "*The advantage of this approach is that it is more business-driven"* (Barilla Manager – Finance).

This bottom up and 'by brand' approach is sustained by the strong purpose-driven internal culture and keeps corporate purpose initiatives close to customers and market needs.

It is the internal culture that sustains managers' engagement with corporate purpose at the brand/market level. Brand managers are fully aware of how relevant purpose is for us and propose what they feel are the most appropriate initiatives. We have been pioneering on this regard. [...] *For example palm oil abolition was not imposed by a top-down project but it was the market [local brands] that was asking for it and driving the process* – Barilla Manager (Finance)

Local (by brand) purpose-led initiatives are then collected and discussed by the GYGP task force and board, leading to the GYGP report. Here, Barilla mediates between two opposing demands: ensuring that corporate purpose is fully embedded in the business and close to the local markets/brands, on one hand; overcoming the creation of silos and endorsing the 'holistic vision' that is necessary for achieving 'corporate purpose', on the other hand:

The 'by brand' approach to corporate purpose does not, and should, not challenge the holistic and integrated vision that 'nourishes' corporate purpose [...]. For us it is crucial to endorse a holistic system that sustains purpose, guiding the definition of corporate objectives and how to achieve them [...] This also requires mediating between the views of customers, investors, and other stakeholders at the brand/market level — Barilla Manager (Finance)

The GYGP reporting system in Barilla enables relating objectives and projects at the brand/market level to the main dimensions of the GYGP purpose at the corporate level, thereby providing for a dynamic mediation between local brands' initiatives and a holistic vision. *"Each Brand has to pick specific goals according to its equity, priorities and distinctiveness to consumers. [...]. Differently from the past, we're collecting the brands' needs to build the corporate framework, having clear that we want to reduce the «hygienic» efforts to leverage on the distinctive ones. Sustainability choices have to be sustainable also for our P&Ls"*[29]

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[29] source: company's document

The GYGP reporting and measurement system enables the coexistence of multiple and heterogenous perspectives that come together as a whole when corporate purpose is articulated. This system values the diversity of these perspectives and enables the mediation between local needs at the market level and the global development agenda offering an opportunity to manage differences and trade-offs within a clear purpose-driven strategy. Mediation is facilitated the GYGP report and metrics as a space for ordering and invention which open up, but at the same time delimits, the possibilities for action in between local needs and global development goals.

Mediating - Re-envisioning purpose in AXA

In 2020, AXA redefined its corporate purpose from "Empowering people to live a better life" to "Act for human progress by protecting what matters". This re-definition followed the need to remark the social role of insurers, disclosing a full commitment to customers and society, by protecting 'what matters'.

"*It seemed useful to take the time, as a group, to formulate AXA's role for customers and society, what drives us every day – now and in the long term. After talking to many of our employees, as well as partners, customers and stakeholder representatives, we can define AXA's purpose as "acting for human progress by protecting what matters[30]."*

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[30] CEO of AXA (AXA Essentials, 2020 Edition, p. 6).

The new purpose was articulated through a discussion with members of Partners Group, as well as eight categories of Group stakeholders, followed by a discussion with 1,000 Group's top managers during the 'AXA Days' annual meeting. The resulting formulation of corporate purpose was submitted to the Board of Directors of the Group, as well as been shared and discussed with AXA employees through AXA Conversation platform[31]. Through adoption, purpose cascaded down from the leadership team to its multiple operations, linking a global framework to local strategy within a business model rooted around AXA's core values.

While responding to external challenges, also related to the COVID-19 epidemic global crisis, the new purpose does not change the spirit of the previous purpose. As confirmed by managers in AXA Italy, the new purpose *emphasizes the very core of insurance service, that is: protecting what matters*, including environmental protection, access to healthcare, prosperity and quality of life. This emphasis has been concretely embedded into AXA 2021-2023 strategic pillars and strategic plan. The new purpose has been communicated alongside the new 2021-2023 strategy, aiding the communication, sharing, and understanding of such strategy across the group.

The clear and visible link between the new purpose and the new strategy has stimulated all entities to reflect on how to articulate the purpose in practice, leading all managers to think of their contribution to purpose through the strategy [...]. When managers have been introduced to the new strategy and expectations for the next three years they could immediately understand 'why', the overarching reason behind those expectations and strategy, that is purpose (AXA manager - Strategy)

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[31] 2019 AXA Integrated Report, p. II.

Importantly the new purpose fully reflects and is reflected by product innovation within AXA. The new purpose is fully embedded into a number of key initiatives, in line with AXA business model which closely connects AXA corporate purpose to product design and operations, also in relation to environmental protection and access to healthcare.

These initiatives aim at improving the relationship with customers well before the reimbursement stage, starting from prevention and protection. For example, AXA health caring initiatives rely upon digital technologies to offer direct assistance, health consultations and check-ups, connecting customers to specialized healthcare centres and professionals through quick appointments. These initiatives aim at positioning AXA as the healthcare orchestrator, providing better connection between customers and medical services. In so doing, AXA takes care of all costs directly, avoiding the customers waiting for the refund and enabling an immediate and highly specialized response to customers' healthcare needs, in line with AXA's strategic intent of moving customer relationships from a 'payer' to a 'partner' approach, and in line the corporate purpose of protecting 'what matters'.

This has concretely enacted our purpose in terms of health protection and prevention – AXA manager – Customer division).

Also, AXA Italy has enacted a 'case management' process: this is a shared and monitored workflow through which AXA experts manage their relationships with their clients after accidents, body injuries or natural disasters. The workflow includes healthcare and psychological support through specialized health clinics and centres, technical support in everyday life activities, as well as support and training for the reintegration in the work environment and in society. For example, teams of specialized

agents support the sanitarization of work environments following natural disasters, enabling employees to get back to work promptly in safety conditions.

This is more than the mere pay-out for damns or injuries. It is about establishing a relationship with injured people, enabling them to get back to their normal life and to work in safety conditions promptly. This is the case management that demonstrates the practical enactment of AXA purpose: protect what matters (AXA manager – Claims&Customer Operations).

As part of the case management, advanced probabilistic data on weather in different geographical areas are processed for informing customers about probable weather conditions and climate phenomena, with the aim of alerting customers about potentially risky or dangerous circumstances, thereby preventing accidents. This prevention system is then combined with a 'caring angel' system in case of accident or natural disaster event. Through the caring angel system, the injured person is reached by an agent on the phone right after the accident/event. Car accidents are promptly signalled to AXA experts through a black box, that informs the agent about the accident. The agent takes care of the assistance, organizing all necessary support promptly, keeping the affected person in constant information about the recovery service.

AXA health caring and the 'case management' initiatives have been enacted in AXA well before the new purpose: *It is the new purpose that fully embeds the spirit of these initiatives* (AXA manager – Claims&Customer Operations).

Whereas the new purpose reflects and embeds the spirit of product innovation strategies, it is also inspiring *further* product innovations within the area of Green, sustainability and sustainable claims.

The examples of product innovation and initiatives provided above demonstrate that, within AXA, there is a clear link between purpose-driven strategy and impactful innovation, pushing the boundaries of underwriting, promoting positive-impact investment, offering useful new solutions in line with the 'payer to partner' strategy.

"*AXA aims to meet two objectives with its investment choices. First of all, it looks for quality, to bring its customers and shareholders guarantees of solidity and durability. Second, the Group aims to steer business stakeholders in directions that are positive for society. Its commitment to divesting from the coal and tobacco industries, in particular, and the creation of positive-impact funds enable AXA to direct financial flows to business sectors that take a more responsible approach to the environment and healthcare*"[32]

The alignment between AXA corporate purpose and the 'payer to partner' strategy through product innovation is supported by AXA PMS. Following change in corporate purpose, the articulation of the PMS has aided the change management process, infusing the new pillars of corporate purpose throughout the consolidated performance measurement structure. As part of this system, customer satisfaction is measured through the Net Promoter Score® (NPS). This is calculated on the basis of customer feedback surveys at the various stages of the customer relationship process[33]. Data from customer feedback are than collected and managed through dashboards and internal reporting systems to ensure that prompt response is provided to customers. The NPS is

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[32] 2019 Integrated Report, p. V
[33] The customers with a feedback of 9 and 10 on a 0-10 scale are called Promoters. The customers with a feedback of 0-6 are called Detractors. The customers with a feedback of 7-8 are called Passive. The NPS is calculated by subtracting the total number of detractors from the total number of promoters.

also included in the Group's executive remuneration system. Also, AXA measures employee satisfaction twice a year through the eNPS (employees net promoter score)[34].

Financial performance of strategic products is continuously monitored, particularly in terms of cost comparisons with traditional products. For example, the costs of case management initiatives (through AXA caring angels) and AXA healthcare initiatives are compared with the costs of same initiatives taking place through traditional workflows (i.e. outside AXA specialized centres), revealing improved financial performance of strategic purpose-led products, alongside improved customer satisfaction and employee satisfaction.

What matters is that the strategy is aligned with purpose: everything else follows from there throughout our consolidated PMS (AXA manager – Finance)

It is a virtuous cycle, as we can see AXA purpose concretely translated into product innovation and then reflected in our performance indicators on customer satisfaction, as well as our financial indicators through which we monitor the strategic products and initiatives in line with corporate purpose (AXA manager – Claims&Customer Operations).

Within AXA corporate purpose prompts internal communication, commitment and engagement with strategy, while driving product and strategic innovation. This virtuous cycle is sustained by AXA performance measurement and management systems,

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[34] "Employee Net promoter score is measured by asking employees one question, "How likely are you to recommend AXA as a place to work". The answer scale is from 0 to 10, and the result is calculated by taking the percent of promoters (answers of 9 – 10) and subtracting the percent of detractors (answer of 0 – 5). This then produces a metric on a scale from (-100) to (+100)". https://www.axa.com/en/about-us/engagement-employee-net-promoter-score. Accessed on 23/03/2021.

providing for a shared platform, as a shared pathway for engagement and motivation towards corporate purpose (Figure 7).

----------------insert Figure 7----------------

Key principles for the PMS of the purpose-driven organization

In his March 29, 2020, letter to BlackRock's Shareholders, Larry Finks, CEO of BlackRock, commented the consequences of the coronavirus outbreak arguing how long-term thinking has never been more critical than it is today: "Companies and investors with a strong sense of Purpose and a long-term approach will be better able to navigate this crisis and its aftermath". Then, Fink reinstated the contents of his 2018 letter, when he made a full-throated defence for the need to rethink and integrate business models to align performance and corporate purpose: "Society is demanding that companies, both public and private, serve a social Purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society." As Fink's statement suggests, an effective purpose requires mediating, integrating, and balancing the tensions among different corporate stakeholders and their goals. And the trade-offs that result from such balancing need to be acknowledged, measured, and communicated as the organization reports the efforts and performance connected to the creation of sustainable value over time.

To enable Purpose moving from "articulation" to "execution" requires connecting Strategy and capital allocation with a comprehensive management system able to

connect sustainability issues with financial returns. It involves reconciling competitiveness and sustainable growth within the context of inclusive business models to take advantage of the opportunities and face the challenges of the market. Importantly, this requires the development of new practices of measurement that can capture the "wholeness" of processes of long-term value creation; taking account of the positive and negative social and environmental externalities that are produced by its operations and, especially, its products and services, as well as how the multiple and heterogeneous resources provided by the company's stakeholders contribute to its financial and non-financial performance. Although there continue to be laggards, nowadays also the investment community now broadly recognizes the need to better understand how material ESG (Environmental, Social and Governance) issues matter to financial performance. In his January 2019 letter to Standard & Poor's 500 CEOs Larry Fink praised the developments on companies' sustainability disclosure as they provide a clear set of standards and valuable frameworks for evaluating ESG matters and associated governance issues.

Executing corporate purpose is likely to be challenging, in some cases even uncomfortable, since it may require going beyond the company's "business-as-usual" to reflect on emerging opportunities for business development. It often requires rethinking the organization as it develops at the intersection of aspiration, inclusion, and action. Aiming to simultaneously address both financial and ESG issues, purpose-driven strategies are perceived as essential to achieve multiple and heterogeneous results expected by a multitude of stakeholder. With capital markets increasingly demanding evidence-based, market-informed, and transparent data to deliver long-term value to shareholders while also helping secure the future of our people and our planet, for corporate leaders the challenge lies in the complexity of pursuing long-term

sustainable value creation during a period characterized by uncertainty and ambiguity. Positioned at the centre of this debate, PMS are means by which contemporary organizations pave the way to fulfil the expectations of their stakeholder, including current and potential investors, as well as to society at large. However, despite their central role within companies' management and governance systems, whether existing PMS deliver what the promise is currently being questioned.

Within this context, our research is very topical as we are in the middle of a "paradigm shift" in corporate thinking, management, and reporting. We argue that PMS can play a powerful role in instilling a sense of purpose within the organization as well as in aligning corporate purpose with strategy (see Figure 1 earlier in the report). By relying upon the insights offered by the case of Barilla and Axa, earlier in the report we have identified the key features of PMS for the purpose-driven organization. We suggested how PMS align Strategy to Purpose by visualizing, engaging, measuring and mediating the journey towards long-term value creation for a multiplicity of stakeholder. By relying upon these insights, we now suggest a set of *key principles* for designing the Purpose-driven PMS, and we rely upon the experience of Enel to further explain these principles in practice (see figure 12). Then, we provide key guidelines for management accountants to play a leading role in designing and orchestrating the purpose-driven PMS. We argue that these principles and guidelines pave the way also for shaping the patterns of training and education of management accounting professionals.

Visualizing: materiality, connectivity, and communication

Represent the material elements of purpose visually and connect them

The PMS need to visually articulate purpose into material themes, strategic objectives, and initiatives, with the related performance indicators, and measures. These can be also connected to global development goals. Such visual articulation ensures appropriating purpose visually, filling it with meaning and providing for a comprehensive view of the pathway for its enactment through the visual connections between strategic goals, resources, and metrics. Visualizations provide for an immediate view on what is material for the organization to achieve corporate purpose, and how purpose relates to, and address, global societal challenges. For example, in the GYGP report, Barilla visually connects its two dimensions of corporate purpose ('Good for you' and 'Good for the planet') to strategic areas, goals and initiatives, all connected with the Sustainable Development Goals of the UN (see figure 2 and 3 earlier in the report).

Communicate strategy through purpose visually

Visualizations ensure effective communication of the purpose-driven strategy, its key pillars and objectives, enabling managers to immediately envision the connection among strategic priorities, decisions and operations through the overarching frame of corporate purpose. For example, AXA visually articulates its strategic pillars under the overarching umbrella of corporate purpose to communicate strategy to top managers and middle managers (figure 4 and 5 earlier in the report). This aids the communication and understanding of the strategy during AXA meetings and fosters engagement and

discussion around it. Visualizations also act as mnemonic devices through which daily operations can be continuously connected to strategy and to corporate purpose. For example, the operations scorecard of Barilla (figure 6) provides for a visual platform for engaging managers across all divisions, reminding them about the impact of their daily activities on corporate purpose through strategy.

Visualization in Enel

Enel has a clear positioning and identity: "open power". This is reflected in its Purpose: "Open power for a brighter future. We empower sustainable progress". And it is echoed in its Vision to leverage "open power to tackle some of the world's biggest challenges". Enel's Purpose and vision have a clear genesis: 2014, the appointment of Francesco Starace as CEO. As an engineer with a significant experience in the energy sector, the CEO was aware of the challenges that the value chain of the industry was facing, in terms of technology, business model and, therefore, Strategy. Among other things, he knew that these challenges were blurring the boundaries between the energy sector and other industrial sectors such as transport, telecommunications, and chemicals.

Importantly, the CEO identified a possible solution: Innovation. But innovation was not the most prominent feature of a company that, despite being a contemporary multinational, was still characterised by the culture of the Ente Nazionale per l'Energia Elettrica (National Entity for Electricity, that is what ENEL stand for) established in 1962 by the Italian government as the assets of companies generating, transmitting, and distributing electricity in Italy were nationalised to create a single national electricity system. Thus, Innovation needed a purpose to become the new, powerful, engine of Enel's Strategy and business model. However, despite most businesses find this

purpose in the threats of competition, Enel CEO found a more urgent and threatening problem to be addresses: Sustainability. The energy industry was increasingly unsustainable; therefore, Enel CEO had the intuition to consider Sustainability as the fundamental driver for innovation and blend them together in a new function named "Innovability".

The Purpose of Enel is at the foundation of its business model (see Figure 8). Along with the company's mission, vision and values it does overlook the processes of value creation where the company's key resources (People, Planet and Prosperity) are leveraged and impacted upon. The process is implemented through all business lines with the aim of contributing to three specific SDGs (7,9,11) that would jointly lead to achieving climate action (SDG 13). As highlighted within Enel 2020 Sustainability report, "The challenge is not to communicate individual sustainable projects, but to get people to understand that, for us, sustainability lies at the foundation of all we do, and is central to our strategy"[35]

-------------Insert Figure 8--------------

Engaging: articulation, commitment, collective work

Articulate purpose from strategy to incentives

PMS needs to be designed as an integrated platform for striving managerial commitment to purpose-driven strategic priorities. These priorities need to be fully

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[35] Enel sustainability Report 2020, p. 13.

articulated into the strategic management process, from the setting of strategic objectives to their execution and performance appraisal. Here, the PMS needs to be designed and orchestrated as an overarching umbrella, embracing all aspects of the strategic management process. To enhance commitment and secure alignment with operations, purpose needs to be reflected in the incentive system, as an integral part of the strategic management process. For example in AXA the strategic pillars of corporate purpose affect twice the assessment of managerial performance, striving managerial focus towards it and securing the alignment with purpose driven strategic priorities through an integrated effort.

Enable commitment and collective work

The articulation of purpose across the strategic management process through the PMS helps the alignment of managers across different divisions and their engagement around purpose. In Barilla, monetary incentives of operation managers are linked to the achievement of selected KPIs in the operation scorecard. The alignment of the KPIs to the GYGP purpose facilitates commitment to the KPIs, as well as managers' understanding of *how* to collectively align strategy to purpose.

Engagement in Enel

The execution of Enel Purpose-driven Strategy is a responsibility of the Board of Directors that, specifically, has the power to carry out all the actions deemed advisable to achieve it. The Board oversees the integration of sustainability with operations, by examining and approving the corporate Strategy, including the Group's annual budget and Business Plan, the main business and financial objectives, and actions that the

Company plans to undertake to lead the energy transition, as well as promoting a sustainable business model that creates long-term value. The Board also performs a policy-setting role and provides an assessment of the adequacy of the internal control and risk management system, determining the nature and level of risk compatible with the strategic objectives of the Company. The internal control and risk management system is fundamental for the sustainable execution of Enel Purpose-driven Strategy and consists of the set of rules, procedures and organizational structures designed to enable the identification, measurement, management, and monitoring of the main risks to which the Company and its subsidiaries are exposed. These risks include those that could arise in a medium to long-term perspective, including the risks associated with climate change.

The Board, which in 2019 met 14 times (8 of which covered issues connected with climate and their impact on strategies, operations, and sustainability), it is assisted by the work of a Corporate Governance and Sustainability Committee that oversees the assessment and decision-making activities concerning, among other things, sustainability, including any relevant climate issues connected with the operations of the Group and its interaction with all stakeholders. Regarding sustainability issues, the Committee examines the guidelines of the Sustainability Plan; the general structure of the Sustainability Report, which includes the Non-Financial Statement; and the approach to disclosures on climate change adopted in those documents. As for the contents of the consolidated financial statements and the Sustainability report, they are overseen by the Control and Risk Committee, issuing a prior opinion on these aspects to the Board of Directors, called to approve those documents.

In order to achieve the goal of energy transition, Enel established a remuneration policy. This policy has various mechanisms, such as: a "variable short-term remuneration

(MBO) that can include objectives relative to the specific company function of each manager. For example, they can include objectives related to the development of renewable energies for the managers in the Global Power Business Line or related to energy transition solutions in the Enel X Global Business Line; a long-term variable remuneration that, starting in 2018, includes a quantitative climatic objective, that is, the reduction of Enel Group CO2 emissions per kWh over the next three years, which represents 10% of total long-term variable retribution. Furthermore, the new Long-Term Incentive (LTI) system assigned to the CEO and top management for 2020 includes for the first time a new objective related to the growth of renewable net consolidated installed capacity in comparison to the total net consolidated installed capacity, which represents 15% of the long-term variable retribution."[36]

Enel's governance model envisions specific tasks and responsibilities for main governance bodies in order to tackle climate change are sustainability issues and make sure that these issues are being taken into consideration during decision-making processes both from the perspective of risks and opportunities. "Enel has a management team that assigns the responsibilities related to climate topics to the specific Functions that contribute towards guiding Enel's leadership in energy transition. Each area is responsible for managing the risks and opportunities related to climate change for their own area of competence."[37] (see figure 9)

---------------(Insert Figure 9) ---------------

[36] Enel Sustainability Report 2020
[3737] https://sustainabilityreport2019.enel.com/en/sustainable-business-model/energy-transition/commitment-fight-against-climate-change/enel-governance

Measuring: impact, judgment and confrontation

Translate the impact of purpose into shared metrics

PMS offer a set of metrics to drive and assess the impact of corporate purpose on daily operations and in line with strategy. Materiality (relevance to purpose) and simplicity are necessary principles for selecting the metrics. Dashboards and scorecard can be used to visualize purpose and drive its impacts on day-to-day actions and activities. In Barilla, the operation scorecard provides for a key set of metrics to drive the impact of purpose on operations. This tool provides for a *method* for integrating financial and non-financial KPIs grouped into the key dimensions of Barilla's corporate purpose (Planet, Product, People and Profit).

Enable wise judgment and confrontation around the metrics

Metrics need to be consistent across similar divisions for ensuring comparability and alignment to strategy. The estimation of impact of corporate purpose is a balancing act that requires wise judgement ad confrontation. Such impact is not exclusively captured by "a number" (a figure), rather through a process of knowledge construction that helps organizational leaders to "figure-out" the consequences intentionally produced for the key stakeholders and Society as a whole. The operations scorecard of Barilla offers an example of this balancing act of judgement from managers, as they can compare and contrast the metrics across divisions through a shared platform of purpose-driven KPIs (see figure 6 earlier in the report).

Measurement in Enel

Since 2014 Enel worked on transforming its performance over environmental, social and governance topics as an element of external and internal corporate evaluation. The company started to integrate ESG topics in all of its operational activities of the business organization. Enel started analyzing the contexts in which it operated by considering the industrial, environmental, social and governance topics in a holistic way. This meant evaluating the financial and non-financial impacts of the activities carried out by the business organization. The adoption of a holistic approach to assess the value created by the company, relied upon a change in the mindset and culture of the people working within the company. This allowed the company to reach the cultural maturity required to evaluate the financial value of sustainability

The company has now put in place a consolidated sustainable business model, which is further supported by Enel's financing system. Enel's sustainable financing system reflects its long-term value creation model. The work carried out on Enel's financing system began in 2014 and now relies on ESG Bonds. The latter are the expression of Enel's integrated approach to strategic thinking and measurement: they imply that the company is focused on a specific strategy which is anchored to the progress made towards Sustainable Development Goals.

Enel has created a strong ESG integrated management system which has five steps (see Figure 10). Enel undertakes an assessment of the environmental, social, governance and economic challenges faced by the areas in which the company operates. Further, it develops a materiality assessment to identify the priorities which are relevant for the business. Then, it undertakes public consultations with its stakeholders to assess potential gaps between the identified priorities and the expectations of stakeholders.

Based upon the identified priorities, the company sets specific targets and goals which constitute its sustainability plan. These targets and goals are the expression of the work performed by Enel to articulate the Sustainable Development Goals at the corporate level. The actions to achieve such targets and goals are performed by the company in a holistic way. This process relies on the strong organizational culture that the company has crafted, nurtured and enhanced throughout the years.

------------ insert Figure 10-------------

Mediating: diversity & integration, endurance and re-envisioning

Value diversity under an overarching umbrella

PMS needs to value diversity by maintaining the multiple and heterogenous perspectives that come together as a whole when corporate purpose is articulated. While maintaining diversity, heterogeneous perspective need to be mediated to avoid a silos approach. The GYGP reporting and measurement system in Barilla enables the mediation between local needs at the market level and the global development agenda offering an opportunity to manage differences and trade-offs within a clear purpose-driven strategy. Mediation is facilitated the GYGP report and metrics as a space for ordering and invention which open up, but at the same time delimits, the possibilities for action in between local needs and global development goals.

Sustain endurance and change

Purpose needs to inspire strategy and innovation. Re-envisioning purpose may be necessary to drive innovation especially when facing global challenges. The PMS needs to both sustain the endurance of corporate purpose as well as its re-envisioning, as a resource for innovation during times of crises

In AXA, the PMS provides for a common language, infusing the new pillars of corporate purpose throughout the consolidated performance measurement structure. This has aided the change management process, redefining the connection between product innovation, strategic innovation and the re-envisioned corporate purpose.

Mediation at Enel

Within Enel, sustainability is the driving force that connects the Purpose-driven Strategy with Innovation. In the company, sustainability comprises issues connected with climate change, atmospheric emissions, managing water resources, biodiversity, the circular economy, health and safety, diversity, management and development of employees, relations with communities and customers, the supply chain, ethical conduct, and human rights. The Innovability Function (Innovation and Sustainability), which reports directly to the CEO, manages all activities from the perspective of sustainability and innovation. The units at Corporate/Holding level responsible for Enel operations play a role of guidance and coordination for the Sustainability and Innovation units located in the various countries and Business Lines. Each country or region identifies the requirements of local stakeholders, defining the sustainability strategy accordingly, by adapting Group guidelines to match the needs of the local area. In this framework, the Sustainability Planning and Performance Management unit at

Corporate/Holding level is responsible for managing the sustainability planning, monitoring, and reporting processes, and for the management of ESG ratings and sustainability indices, also reports to the Group CFO to guarantee the ongoing integration of these issues in corporate strategies and reporting.

Listening to stakeholders, knowing the territory and measuring the sustainable value created through innovation is a must for Enel. With the energy industry going through profound change, focusing on social and environmental factors, plus an inclusive approach, enables Enel to mediate between the long-term value created for the Company and for the communities in which it operates. For this reason, Enel operates with a model the encompasses the entire value chain: analysing the needs of the communities starting from the phases of developing new businesses; taking into account social and environmental factors while setting up sustainable construction sites; managing assets and plants to make them sustainable development platforms in the areas where they are located. Further development is seen by the extension of this approach also in the design, development and supply of energy services and products, contributing towards creating cities that are increasingly sustainable by leveraging access to new technologies and circular-economy approaches. Enel is committed to respecting the right of communities and contributing towards their economic and social progress by interfacing with a multitude of stakeholders on a daily basis. Having knowledge of the specific local situations and listening to the needs of the stakeholders become essential elements for identifying targeted solutions, considering the multiplicity of economic, social and cultural situations in which Enel operates and of which it is an integral part with the management of its assets.

-------------insert Figure 11--------------

The concept of Creating Shared Value (CSV) by Michael Porter and Mark Kramer is described as (Porter and Kramer, 2011): "Creating economic value in a way that also creates value for society by addressing its needs and challenges. Businesses must reconnect company success with social progress.   Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success."   From the company's perspective, it is also very important to understand that not all profit is equal. Porter and Kramer state, "Profits involving a social purpose represent a higher form of capitalism—one that will enable society to advance more rapidly while allowing companies to grow even more. The result is a positive cycle of company and community prosperity, which leads to profits that endure." (Porter and Kramer 2011)

At Enel, the path for applying such inclusive community relations model started in 2015 with the adoption of a Creating Shared Value (CSV) model that integrates social-environmental factors into business processes and along the entire value chain – see Figure 11 for an illustration of the six phases of the model. The dissemination of this method required a consolidation path within the Company on a cultural and operative level. In 2016, a specific internal policy "CSV Process definition and management" was published. It defines how sustainability must permeate company processes across the board, making it a shared responsibility. This policy was supplemented by issuing an operating instruction labelled "Project Portfolio Management System", which represents the approach along Enel's entire value chain in terms of project identification and characterisation; management of the quality assurance process; calculation of beneficiaries; evaluation of project impact.

The CSV model applies to the entire value chain with particular reference to business development, engineering, construction and procurement operations as well as asset management and maintenance. CSV enable to mediate among Enel multiple and heterogenous stakeholders. In 2019, with approximately 1,800 projects and more than 4 million beneficiaries in the countries in which it is present, Enel made a tangible contribution to the development and social and economic growth of local areas: from the expansion of infrastructures to education and training programmes, from initiatives aimed at social inclusion to projects designed to support cultural and economic activities, in line with the sustainable development goals targeted by the company.

The key principles for the purpose-driven PMS

Our study suggests that the purpose-driven PMS should be *visually centred, methodologically engaging, measurement driven,* and *a means of mediation and communication* (see Figure 12 for a summary of the key principles for the PMS of the purpose-driven organization). **Visualization** entails representing the material elements of purpose and connecting them, as well as communicating strategy through purpose visually. **Engagement** encompasses articulating purpose from strategy to incentives and enabling commitment and collective work. **Measurement** requires translating purpose into shared metrics and enabling wise judgment and confrontation around the impact of these metrics. Finally, **Mediation** entails valuing diversity rather than suppressing differences, to maximize opportunities for innovation and sustaining endurance and change. These aspects pave the way for shaping the patterns of training and education of management accounting professionals, by pointing to the critical

knowledge that is needed to design the purpose-driven PMS, through the principles of design and the practical case study examples offered above.

Next, we provide guidelines for management accountants to play a leading role in designing and orchestrating these PMS.

--------------insert Figure 12---------------

Recommendations for management accounting professionals

Within this study we argue that that Performance Management Systems can play a powerful role in instilling a sense of purpose within the organization as well as in aligning corporate purpose with strategy. By relying upon three case studies, as well as on prior research in the field, we identify the key features of PMS for the purpose-driven organization. Visualization, engagement, measurement and mediation are the pillars of our framework for understanding the way in which contemporary organization align Purpose to Strategy through PMS (see figure 12). We suggest finance professional, and management accountants in particular, can play a leading role in this journey by making the integration of Strategy with Purpose happens in practice.

In term of *Visualization*, management accountants have the opportunity to contribute to the representation of the material elements of corporate purpose, connect them to the vision, mission, values of the organization, as well as communicate the integration between strategy and purpose through a series of interconnected objectives and

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initiatives. As the link between purpose and strategy get reinforced, finance professionals can rely on the company's management system to visualize the objectives of the business and the way to accomplish them in line with the expectations of the stakeholders. Overall, visualization enable management accountants to keep an open conversation with business leaders and key stakeholders, and therefore building on materiality assessment to capture the financial relevance of material issues and their consequences for the company's bottom-line.

As for *Engagement*, finance professionals can manage the opportunities that may open discussion and appropriation. This can be done by linking purpose-driven strategy to individual objectives and expected targets as well as by identifying the resources, the activities, the drivers, and the stakeholders that are involved in the development and execution of the Business Model of the company. Commitment by individuals can be enhanced by overcoming – for example –the capital-budgeting limitations that fail to account for the project's ESG intangibles and develop better methodologies to assess and incorporate long-term value creation into decision-making. By engaging with other professionals, management accountants can lead the collective process of knowledge construction that, supported by PMS, can lead to a collective understanding of the value creation process.

Measurement is the traditional key area for the finance function. The opportunity here is to lead the metrics-based process of judgement and confrontation concerning the impact of purpose on strategy execution and business performance. In doing so, management accountants are asked to design and orchestrate a portfolio of financial and ESG measures that will be employed to test and assess corporate purpose in

practice. In doing so, among other things the finance function will be required to recognize and manage the multiple trade-offs, interests and risks that characterize the value creation process as it unfolds across multiple and heterogeneous stakeholders. This process involves scrutiny and understanding of new ways of constructing knowledge about aligning strategy with purpose. By providing insightful information to decision makers, PMS can work in harmony with other business systems to recognize different viewpoints and leverage the richness of stakeholder engagement.

Finally, *Mediation* requires management accountants to value diversity rather than suppressing differences, supporting the opportunities for innovation and change that emerge along the value chain. When opportunities for discussions emerge, different viewpoints can emerge and legitimate doubts can be raised. Compromise across multiple and heterogeneous perspectives requires finance expert to understand trade-offs and their consequences within processes of innovation and change. Within this process productive tensions can raise insightful questions and generate new knowledge. The role of management accountants is paramount here: so, while, on the one end Purpose must be aligned with Strategy, such an alignment will affect the existing links among the organization's internal and external stakeholders therefore stressing and testing the effectiveness of the *organization's enduring reason for being* in practice.

CONCLUSION

Our research intends to explore the role played by PMS in instilling a sense of purpose within the organization as well as in aligning corporate purpose with strategy. To achieve this objective, we moved from the definition of corporate purpose as explaining

what and why an organization is in relation to society. We suggest how encompassing the organization's enduring reason for being, the concept of Purpose has been connected to societal value creation, which also concerns corporate strategy and business model execution. Aiming to shed light on how purpose can be enacted and sustained in practice, we focused on PMS to explore their role in embedding purpose into actions and striving its positive relationship with business performance *and* societal value creation.

In doing so, we build on the recent literature on PMS as well as on the evidence from the field – Barilla, AXA and Enel case studies - to suggest how to prompt wise judgment, user engagement, and an ongoing reflection of what counts as relevant knowledge PMS should be visually centred, methodologically engaging, measurement driven, and a means of mediation and communication. Visualization entails representing the material elements of purpose and connecting them, as well as communicating strategy through purpose visually. Engagement encompasses articulating purpose from strategy to incentives and enabling commitment and collective work. Measurement requires translating purpose into shared metrics and enabling wise judgment and confrontation around the impact of these metrics. Finally, Mediation entails valuing diversity rather than suppressing differences, to maximize opportunities for innovation and sustaining endurance and change.

Finally, after having identified the key features of PMS for the purpose-driven organization, we reflected on the opportunity for the finance function, and management accountants in particular, to play a leading role in designing and orchestrating financial and non-financial measures and metrics within a comprehensive system of performance management for the purpose-driven organization. These opportunities pave the way for shaping the patterns of training and education of management accounting professionals,

along the lines highlighted by our suggested principles of design and the critical examples from the case studies. From contributing to the representation of the material elements of corporate purpose, to communicating the integration between strategy and purpose through a series of interconnected objectives and initiatives, finance professionals can rely on the company's management system to visualize the objectives of the business and the way to accomplish them in line with the expectations of the stakeholders. Furthermore, by engaging with other professionals, management accountants can lead the collective process of knowledge construction that, supported by performance management systems, can lead to a collective understanding of the value creation process. Management accountants are asked to design and orchestrate a portfolio of financial and ESG measures that will be employed to test and assess corporate purpose in practice. In doing so, they will be required to recognize, mediate and manage the multiple trade-offs, interests and risks that characterize the value creation process as it unfolds across multiple and heterogeneous stakeholders, therefore stressing and testing the effectiveness of the organization's enduring reason for being in practice.

This research aids the management accounting profession to play a pivotal role in sustaining organizational leaders (directors, executives and middle managers) in enacting purpose in practice. We believe that empowering management accountants in this role is relevant to aid the profession in supporting business corporations restoring trust in business and provide an active contribution to societal and organizational development. This research also provides case study-based illustrations of applied principles and practices specifically designed to be used as training material for shaping new patterns for education for the profession, and to empower management accountants in their new role.

Year	Month	Typology	Author(s)	Title
2014	NA	Guiding Framework	Blueprint for better business	Five principles of a purpose driven business
2015	October	Report	Harvard Business Review	The business case for purpose
2016	NA	Report	EY Beacon Institute	The State of the Debate on Purpose in Business
2017	January	Report	Deloitte	2030 Purpose: Good business and a better future
2017		Research and engagement programme	Saïd Business School.	Future of the Corporation
2018	NA	Report	The British Academy	Reforming business for the 21st century: a framework for the future of the corporation
2019	NA	Report	The British Academy	Principles for Purposeful Business. How to deliver the framework for the future of the corporation

2019	August	Statement	Business Roundtable	Statement of Corporate Purpose
2019	September	Platform	Financial Times	The New Agenda, Capitalism Time for Reset
2019	November	Manifesto	UK Institute of Directors	Corporate Governance Manifesto
2019	December	Manifesto	Klaus Schwab	Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution
2020	January	Meeting	World Economic Forum	Its time for a radical rethink of corporate prupose
2020	March	Report	Craven, M., Liu, L., Mysore, M., Wilson, M., McKinsey	COVID-19: Implications for business
2020	March	Article	Schaninger, B., Simpson, B., Zhang, H., and Zhu, C., McKinsey	Demonstrating corporate purpose in the time of coronavirus
2020	April	Article	Bertolino, M., EY	How long-term value fits into the short-term COVID-19 imperative
2020	May	Report	Accenture	COVID-19: A brand. New. Purpose.

Table 3 - Key timeline of the debate over Organizational Purpose
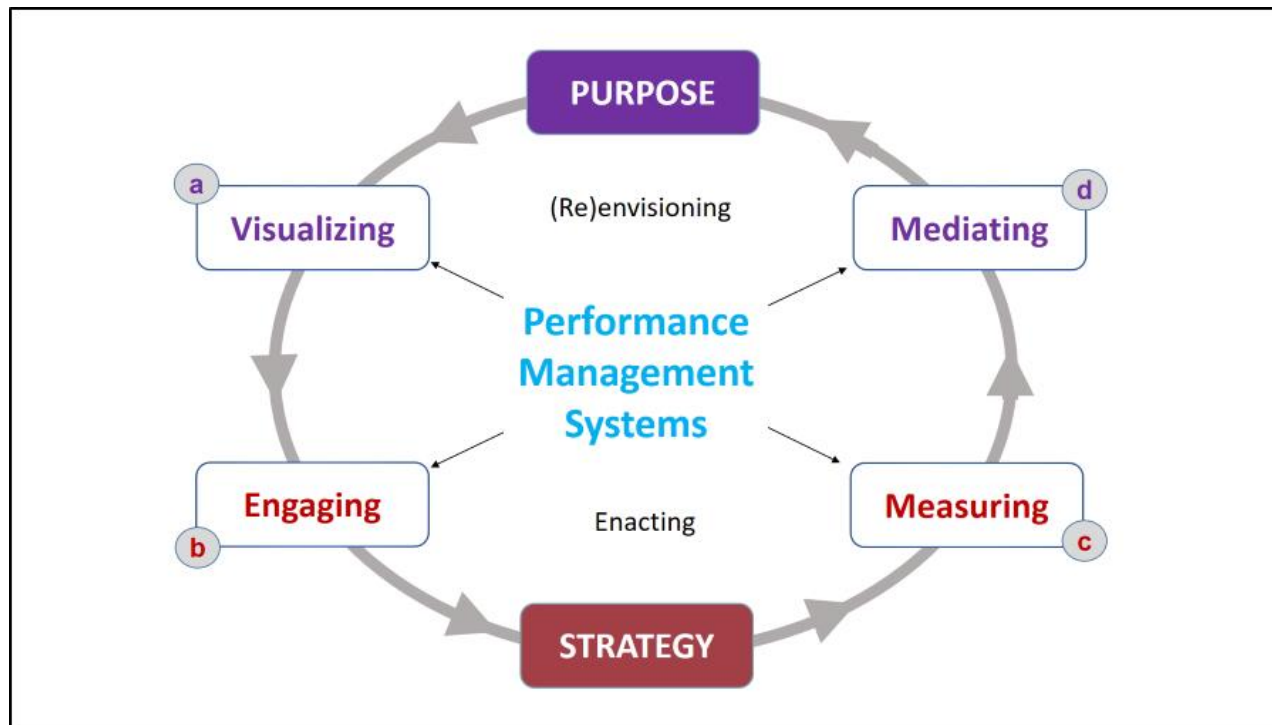
Figure 1 - Aligning Strategy to Purpose: the role of Performance Measurement Systems

Figure 2 Visualizing the roadmap to corporate purpose in Barilla: linking GYGP purpose to sustainable development goals (GYGP 2020 Sustainability Report, pp. 52-53)

Figure 3 – Visualizing the roadmap to corporate purpose in Barilla: linking GYGP purpose to PMS (GYGP 2020 Sustainability Report, pp. 60-61).
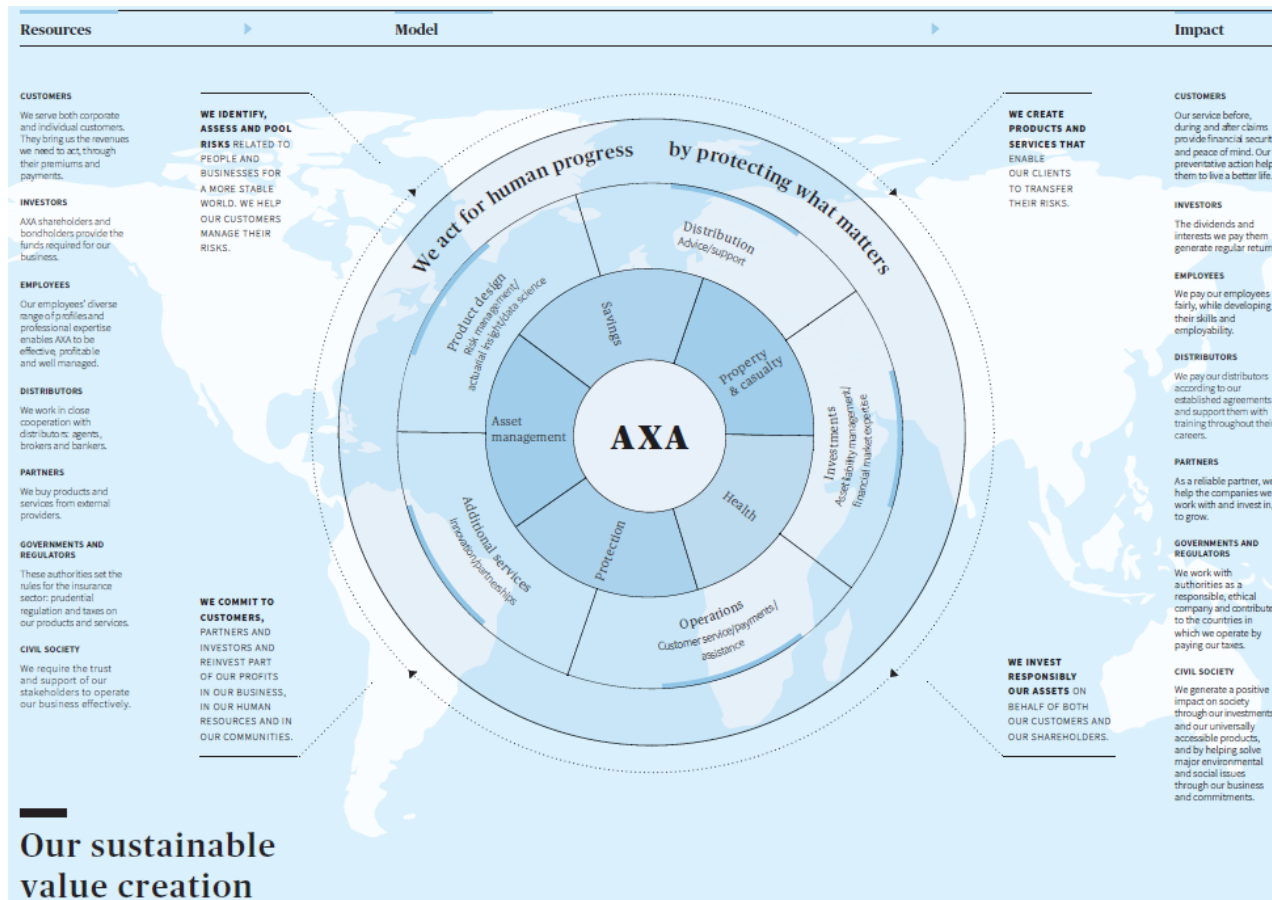
Figure 4 – Visualizing AXA's Business Model for Sustainable Value Creation (2019 Integrated Report, pag. VI-VII)

Driving purpose: Act for human progress by protecting what matters

AXA Strategic pillars

- expand health and protection
- simplify customer experience and accelerate efficiency
- strengthen underwriting performance
- sustain our climate leadership position
- grow cash-flows across the Group

Enablers of success

- Inclusive and empowered culture
- Investing in innovation technology

Figure 5 – Representing AXA strategic priorities (source: adapted from interview material).

Group Supply Chain- Operations Scorecard

Plants Key Performance Indicators @ December 2019

SOUTHERN EUROPE BAKARY	TOTAL				
	ACTUAL YDT	OBJ	Δ% bs BDG	LY	Δ% vs LY
PEOPLE					
Headcount					
Accident Frequency Index					
Accident Severity Index					
Total Absenteeism (%)					
Training (%)					
PRODUCT					
Consumer Complaints (PPM)					
Lot Quality Index (LQI) (%)					
PLANET					
Energy (Kg CO2 eq. / [fp] t)					
Garbage (t/ [fp] kt)					
Recycled Garbage (%)					
Water (m³/t)					

PROFIT Effectiveness	
Production Volume (t)	
MAPE vs Planning (%)	
Capacity Availability (%)	
Capacity Utilization (%)	
PROFIT Efficiency	
Theoretical yield (%)	
Raw Material Loss (%)	
Labour Usage (h/t)	
TOTAL EFFICIENCY (K€) B/(W)	

Figure 6. – The Operations scorecard in Barilla (source: company's material)
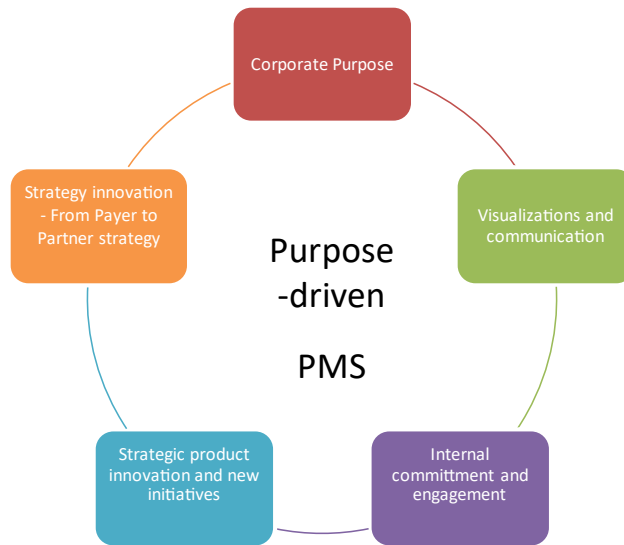
Figure 7. – The purpose driven PMS in AXA (authors' own elaboration)

Figure 8 – Enel's Business Model and Value Creation – Enel Sustainability Report 2020, p. 11

BOARD OF DIRECTORS LEVEL

MAIN FUNCTIONS RELATED TO CLIMATE CHANGE

Chairman

P

Control and Risks Committee

Board of Directors

Corporate Governance and Sustainability Committee

Chief Executive Officer

A

Oversight of the climate strategy and coordination of the Board of Directors

Climate strategy oversight (risks, planning and disclosure)

Definition and oversight of the sustainable business model towards leading the energy transition

MANAGEMENT LEVEL

Holding Functions | Global Service Functions | Global Business Lines | Regions and Countries

Group Investment Committee

Definition of the Strategic Plan and actions to manage the risks and opportunities related to climate change and energy transition

Approval of investments aligned with Enel's climate change related goals

Figure 9 - The Enel governance model to tackle climate change[1]
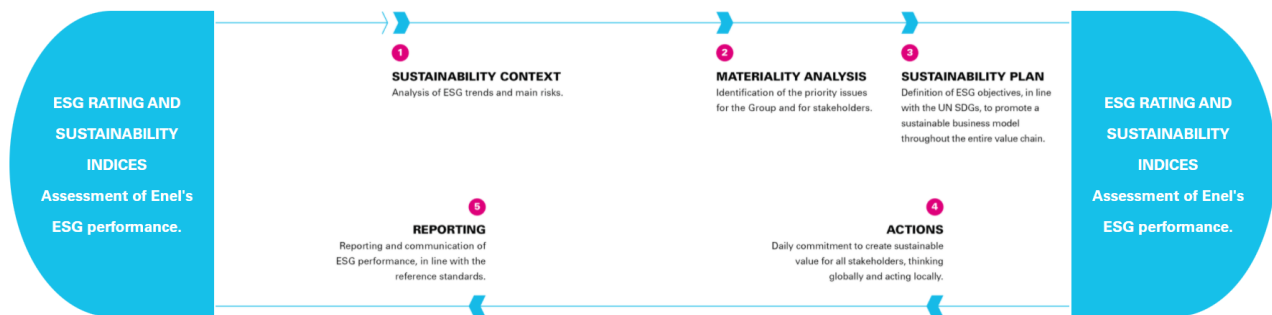
Figure 10 - Integration of ESG factors in company management[38]
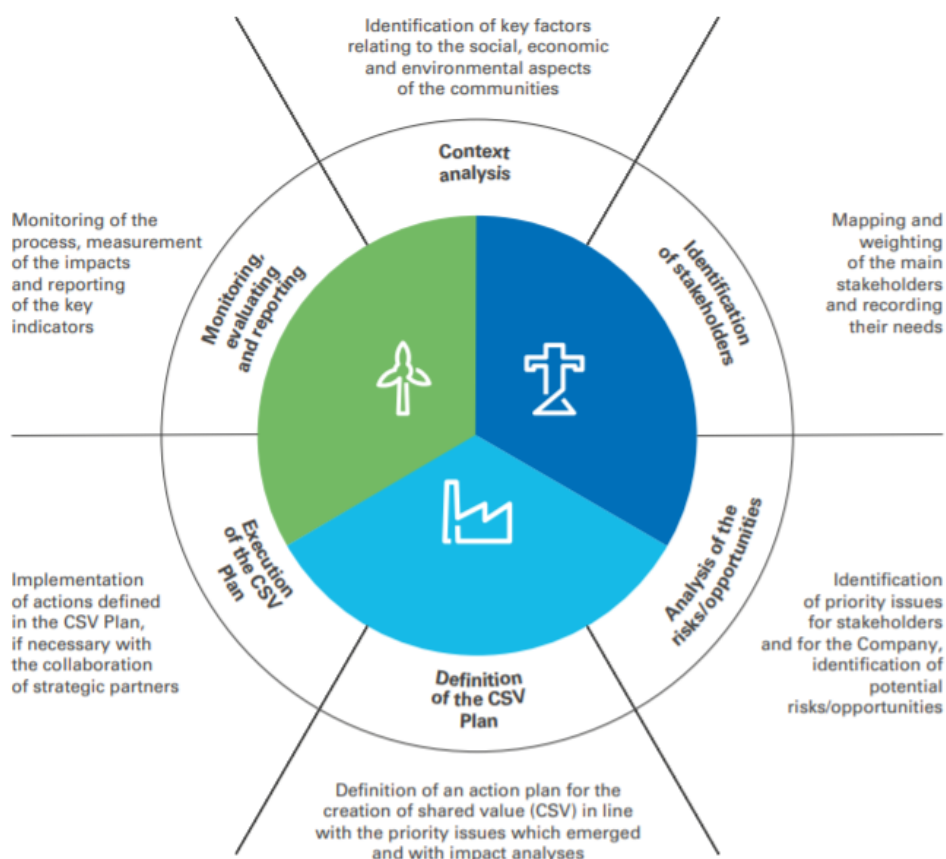
Figure 11- The application of "Creating Shared Value" model in Enel *(Enel sustainability Report 2019 pg. 109)*

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[38] Enel's 2019 Sustainability Report, p. 12-13.
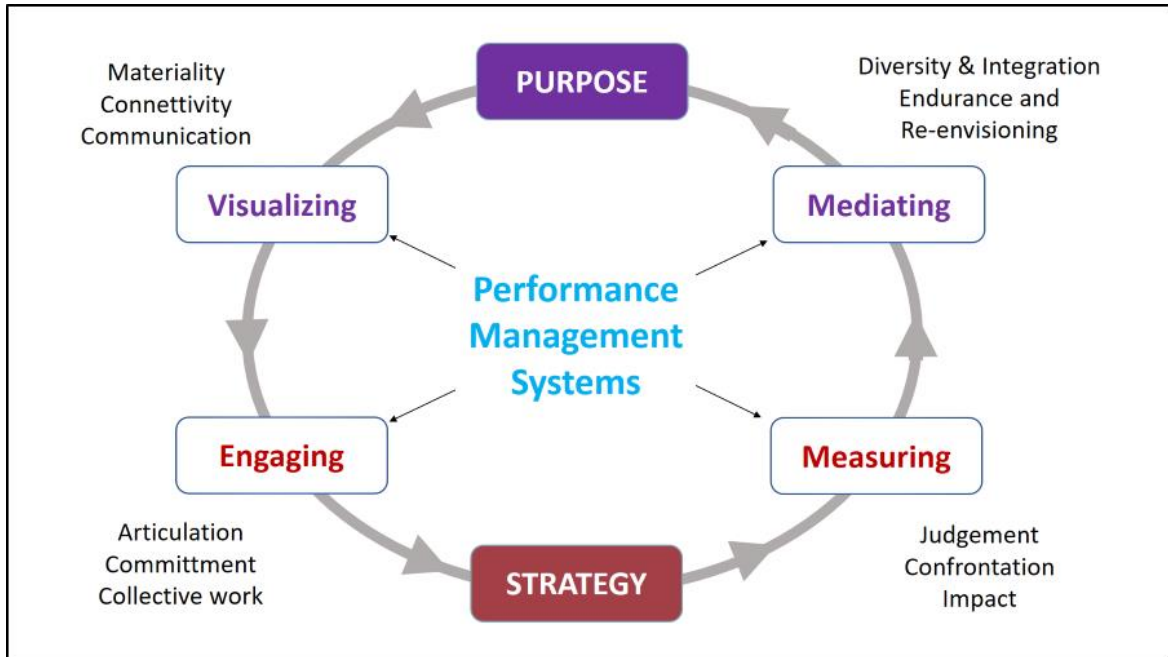
Figure *12 – The key principles for the PMS of the purpose-driven organization*

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