

# Organizational Purpose in Management Control Systems

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# **Organizational Purpose in Management Control Systems**

*A case study on how two Norwegian organizations  
operationalize their purpose*

*by*

**Andreas Lie Hauge  
Dan-Richard Knudsen**

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# 1. Introduction

## 1.1 Background

The concept of purpose has fascinated human beings for ages. From the ancient Greek thinkers (e.g. Aristotle, trans. 2009) to the contemporary debate, the vexed question of purpose has been a phenomenon of great interest. The concept has been subject to discussion across a wide range of academic disciplines, such as philosophy (Warren, 1916; Thalheimer, 1919), religion (Galek, Flannelly, Ellison, Silton, & Jankowski, 2015) and psychology (Frankl, 1946/1992; Hill, Turiano, Spiro III, & Mroczek, 2015). Over the course of the last decades, there has been an increasing interest for purpose in the management literature (Collins & Porras, 1991; Bartlett & Ghoshal, 1993; Henderson & Van den Steen, 2015). Organizations are now following up on these ideas – embracing organizational purpose as a driver for financial performance and innovation (Grise & Keller, 2014).

Purpose-driven leadership is a trending topic in the public discourse today. As of May 2017, leadership expert Simon Sinek’s talk on “How great leaders inspire action” ranks as the third most viewed TED-talk of all time (Sinek, 2009b). Since this TED-talk was first published in September 2009, the video has generated more than thirty million views. Sinek argues that great leaders generate trust and loyalty from their employees and customers by focusing on their organization’s purpose, rather than focusing solely on the products or services offered. As Sinek frequently repeats: “people don’t buy *what* you do, they buy *why* you do it”.

Purpose is making an impact in the business community. An increasing number of organizations are seeking to become purpose-driven through a process of purpose-led transformation (Grise & Keller, 2014). In November 2016, Harvard Business Review interviewed three of the world’s most influential CEO’s on their view of what really matters for today’s executive managers (Ignatius, 2016). In this interview, Martin Sorrell – CEO of the British advertising and PR company WPP, and Lars Rebien Sørensen – CEO of the Danish healthcare company Novo Nordisk, emphasize purpose as one of the key factors for their organizations to succeed. As stated by Sorrell: “we now need to be purpose-driven, to appeal more to customers, to clients, and to our own talent” (p. 54), underlining the important role purpose plays to his organization’s customers and employees. On a similar note, Sørensen state that “everything we do has to be grounded in an assessment of not only the financial

implications but whether it aligns with our values and brings us closer to realizing our purpose as a company” (p. 55).

In January 2017, organizational purpose was on the agenda at the World Economic Forum’s annual meeting in Davos (World Economic Forum, 2017). Business leaders and politicians from around the globe met to discuss how corporations successfully can combine profits and purpose. It appears that organizational purpose is important to leaders and executive managers in the 21<sup>st</sup> century.

In this thesis, we aim to contribute with insights as to *what* organizational purpose is, and *how* purpose-driven organizations operationalize purpose in their management control systems (MCS). Furthermore, we aim to gain an enhanced understanding of the implications purpose can have for an organization’s employees.

## 1.2 Research question

We aim to explore the concept of purpose in organizations. Our main research question is *how does purpose influence the MCS in purpose-driven organizations?*

The objective of this thesis is to contribute with insights as to *what* organizational purpose is, and *how* purpose is operationalized in the MCS of purpose-driven organizations. In doing so, we seek to answer the following research questions:

- i. *What is organizational purpose?*
- ii. *How do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?*

With our first research question we seek to explore how organizational purpose is understood in the management literature. This research question is answered in chapter 2. With our second research question we seek to explore how purpose-driven organizations operationalize purpose in their MCS. Furthermore, we seek to understand what implications purpose may have for an organization’s employees. The second research question is answered in chapter 7. Our main research question is answered in chapter 8.

## 1.3 Methodology

We seek to answer our first research question by conducting a review of existing literature on organizational purpose. In answering our second research question, we use a qualitative research method to collect data. The data is analyzed by conducting a comparative analysis of Laerdal Medical and Storebrand. Based on the insights we gained when researching for potential units of analysis, we found that these two organizations both appeared to be purpose-driven, as well as they explicitly use the term “purpose” in their external communication. Thus, it should be interesting to analyze how these organizations operationalize their purpose. There are three distinct differences between the two organizations in our study. First, Laerdal Medical operates in the medical industry, whereas Storebrand operates in the financial industry. Second, Laerdal Medical is a family-owned, non-listed company. Storebrand is publicly listed on Oslo Børs (OSEBX). Third, there is a time discrepancy as to how long the two organizations have had a clearly articulated purpose. Laerdal Medical articulated their purpose around 1960, whereas Storebrand articulated their purpose in 2016. We argue that these distinctions make it particularly interesting to conduct a comparative analysis of the two organizations.

Based on existing literature, we seek to gain an enhanced understanding of *what* organizational purpose is. Moreover, we analyze *how* purpose-driven organizations operationalize purpose in their MCS, thus answering our second research question. Lastly, we conduct a comparative analysis of similarities and differences in the operationalization of purpose in Laerdal Medical and Storebrand in order to analyze the *implications* purpose have for employees.

## 1.4 Relevance

In the management control literature, much research has been conducted on the relationship between a specific phenomenon in an organization and the MCS in that organization. For instance, Heinicke, Guenther, & Widener (2016) conducted a comprehensive study of the relationship between corporate culture and the MCS in a broad range of companies. To our knowledge, however, very little research has been conducted on the operationalization of purpose in an organizations’ MCS. Our study aims to contribute to the body of research that investigates the relationship between an organization’s purpose and its MCS.

Although organizational purpose has been sporadically discussed in practitioner publications over the last decades (e.g. Mourkogiannis, 2006; Sinek, 2009a; Santos, 2016), there have been significantly less publications on organizational purpose in academic journals (some contributions include Bartlett & Ghoshal, 1993; Basu, 1999; Hollensbe, Wookey, Hickey, George & Nichols, 2014). Furthermore, there seems to be a lack of common understanding as to what organizational purpose is. Hence, we seek to review the existing literature on organizational purpose, in an attempt to improve the general understanding of what purpose is in organizations. This should be of interest to academic scholars interested in gaining an enhanced understanding of the concept of purpose in organizations.

Furthermore, our research should be of interest to practitioners seeking to learn more about organizational purpose. Purpose may play an important role in an organization's relationship with its customers, its business associates, and its employees (Sinek, 2009a). Sinek (2009a) argues that organizations that "start with why" can generate trust and loyalty with their customers and their business associates. Harvard Business Review Analytic Services (2015) argues that purpose-driven organizations have more loyal customers, more engaged employees, are more profitable, and are better at innovation than organizations without a clear purpose. Santos (2016) argues that being purpose-driven can potentially be a way for organizations to motivate their employees – by bringing meaning to their work and increasing their understanding of the contributions they make to their organizations.

In order for an organization to reap the potential benefits of being purpose-driven, the organization's purpose needs not only to be articulated, but also activated (EY Beacon Institute & Forbes Insights, 2016). We argue that in order for such activation to happen, purpose must be operationalized in the organization's MCS; such as through the corporate culture, the planning processes, and the internal policies (Malmi & Brown, 2008). Harvard Business Review Analytic Services' survey (2015) of 474 executive managers found that 90 percent of the respondents understand the importance of purpose, while only 46 percent of the respondents operationalize purpose in their organizations' strategic and operational decision-making. This leaves a 44 percent discrepancy on what those executive managers *say* and what they actually *do*. We seek to explore how two purpose-driven organizations operationalize purpose in their MCS; thereby offering examples as to how executive managers can

operationalize purpose in their own organizations. Thus, our study should be of interest to any organization with a desire to become purpose-driven.

## 1.5 Outline

In chapter 1, we introduced the concept of organizational purpose and our motivation for conducting this research. In chapter 2, we present the findings from our literature review. Chapter 3 contains a presentation of our chosen framework for analysis. In chapter 4, we discuss our choice of research method. Chapters 5 and 6 present first-order analyses of our collected data from Laerdal Medical and Storebrand, respectively. In chapter 7, we conduct a second-order analysis, comparing our findings from the two organizations studied. In chapter 8, we conclude on our findings and present proposals for further research.

## 2. Theoretical foundation

In our first research question, we ask *what is organizational purpose?* In this chapter we aim to answer this research question by reviewing existing literature on the concept of purpose. Chapter 2.1 provides a copious review of existing research on organizational purpose in the management literature. In chapter 2.2, we present the potential effects purpose may have on employees, as proposed in the management literature. In chapter 2.3, we discuss the relevance for analyzing organizational purpose through the lens of an MCS framework.

We have primarily utilized Google Scholar when conducting our literature review. We used a combination of key words such as “organizational purpose”, “purpose”, “strategy”, “management control”, “organizational commitment” and “employee” in our research. Initially we sought for publications in high-ranking journals within management, strategy and organizational studies, as presented in the Association of Business Schools’ Academic Journal Guide (ABS). Although we were able to identify certain high ranking publications relevant to the concept of organizational purpose, we had to modify our research towards more practitioner oriented journals in order to attain adequate literature on the subject. Such journals included Harvard Business Review, MIT Sloan Management Review, and various practitioner reports. Our literature review is somewhat characterized by the fact that organizational purpose is a concept of great interest to practitioners, and which academic scholars are yet to produce significant amounts of publications.

### 2.1 Organizational purpose in the management literature

In chapter 2.1, we will present theory on the concept of purpose from the management literature. Here, we seek to theoretically answer our first research question, *what is organizational purpose?* We commence in chapter 2.1.1 with an introduction of the concept by putting purpose in a contemporary organizational frame. In chapter 2.1.2, we discuss purpose in relation to an organization’s mission and vision. After perusing the relevant literature, we find it expedient to address this question, as the boundaries between purpose and these adjoining guiding statements appear to be unclear. In chapter 2.1.3, we conduct a thorough review of the existing definitions of organizational purpose.



### 2.1.1 Introduction

An organization may be defined as “an organized group of people with a particular purpose, such as a business or government department” (Oxford Dictionary, 2017). By this definition, every organization work towards a purpose. One may therefore expect to find extensive literature providing a systematic discussion on purpose in organizational settings. However, there has been a lack of attention to the subject of organizational purpose in the management literature (de Wit & Meyer, 2010).

Much of the existing literature on organizational purpose may be characterized as “practitioner research” – i.e. research that has been conducted by management consultants, motivational speakers or leadership experts in the form of practitioner oriented publications (e.g. Pascarella & Frohman, 1989; Mourkogiannis, 2006; Sinek, 2009a; Harvard Business Review Analytic Services, 2015; Big Innovation Centre, 2016). The work of leadership expert Simon Sinek protrudes as one of the most prominent contributions to the practitioner research. Sinek proposes a conceptual framework referred to as the Golden Circle framework (2009a). This framework consists of three elements: an organization’s “why”, “how”, and “what”. Sinek argues that successful organizations not only focus on *what* they do and *how* they do it, but also have a clear understanding of *why* they do what they do. However, we find no empirical evidence supporting Sinek’s ideas.

In the academic literature, there have been significantly less publications on organizational purpose (some contributions include Collins & Porras, 1991; Bartlett & Ghoshal, 1993; Hollensbe et al., 2014; Birkinshaw, Foss & Lindenberg, 2014; Henderson & Van den Steen, 2015). In remainder of chapter 2.1, we focus our attention on the existing literature on organizational purpose. In chapter 2.1.2, we discuss the differences between purpose, mission, and vision. In chapter 2.1.3, we reviewing various definitions of organizational purpose as proposed in the management literature.

### 2.1.2 Purpose in relation to other guiding statements

Organizational purpose is commonly juxtaposed alongside terms such as mission and vision (e.g. Collins & Porras, 1991; Simons, 1995; Khalifa, 2012; Kenny, 2014). Collins & Porras (1991) refer to mission, vision, and purpose as a set of “organizational definitions”. These

authors propose a “vision framework”, where organizational vision serves as an overarching concept under which purpose and mission are related. Collins & Porras (1991) insinuate a clear distinction between an organization’s purpose, mission, and vision.

Simons (1995) refers to mission, credos, and statements of purpose as a set of documents created to communicate an organization’s “beliefs system”. Beliefs systems are defined as “the explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction that senior managers want subordinates to adopt” (Simons, 1995, p. 34). Simons incorporates beliefs systems to a holistic MCS framework, and does not dwell on the distinction between mission and purpose.

Notably, an organization’s vision appears to be distinct from its mission and purpose. A vision statement may be defined as “an aspirational description of what an organization would like to achieve or accomplish in the mid-term or long-term future. It is intended to serve as a clear guide for choosing current and future courses of action” (Business Dictionary, 2017). We find that an organization’s vision has a limited time horizon, while – as we will discuss in the following paragraphs – definitions of purpose and mission appear to be “timeless”. We thus assume vision to be distinct from mission and vision, and focus our attention on the relationship between purpose and mission.

Khalifa (2012) provides a thorough discussion on an organization’s mission and purpose. He refers to mission as a “guiding statement” in an organization, and discuss three models of guiding statements in the literature. Khalifa finds that purpose is central in each of the three models, and he appears to understand purpose and mission as rather similar concepts. For instance, Khalifa argues that the distinction between mission and purpose made by Collins & Porras (1991) is rarely found in the literature, and that practice has not shown this distinction to be common or even real.

Furthermore, Khalifa (2012) presents an overview of definitions of mission statements proposed in the management literature, in which purpose commonly appear as a central component. One such definition is offered by Strong (as cited in Khalifa, 2012), arguing that “a mission statement is a clear definition of the mission and purpose of the organization, it may be referred to as the organization creed statement, statement of purpose, statement of general principles, statement of corporate intent or vision statement” (p. 251). Similarly, Bart

(as cited in Khalifa, 2012) argues that “mission statements answer the question: why do we exist as an organization (or what is our purpose)” (p. 250). As such, it is challenging to identify a distinction between purpose and mission.

However, some authors make the case for understanding purpose and mission as two distinct concepts. Kenny (2014) provides a typology of an organization’s purpose and mission, proclaiming that these concepts have different functions in an organization. According to Kelly, an organization’s mission is a description of the business the organization is in, both now and in the future. Kelly does not offer a definition of purpose, but describes purpose as an inspirational statement that express an organization’s impact on the lives of those they are trying to serve. As such, mission seem to be understood by Kelly as a somewhat descriptive concept, while purpose seem to be more inspirational. On a similar note, Santos (2016) argues that there are distinct dissimilarities between an organization’s purpose and mission. According to Santos (2016), a truly purpose-driven organization should have a clearly articulated purpose statement that offers an explanation as to why the organization exists. A mission statement on the other hand, articulates a desired outcome or goal that the organization wish to achieve (Santos, 2016).

### 2.1.3 Definitions of organizational purpose

Although an organization’s purpose and mission generally appear to be dissimilar from the vision, we find that the distinction between purpose and mission is not clearly defined to date. Acknowledging this, we turn to the definitions of purpose we have found while conducting our literature review. Table 1 on the next page presents a categorization of the definitions we have found, sorted by publication year. Although several definitions have been proposed over the years, the specific attributions emphasized in these definition vary. We have identified three main categories of such attributions: “customer orientation”, “social benefit” and “reason for being”.

**Table 1: Definitions of organizational purpose**

Source	Definition	Categorization
Drucker (1986, p. 47)	“To create a customer”	Customer orientation
Campbell & Yeung (1991, p. 13)	“Why the company exists”	Reason for being
Bartlett & Ghoshal (1994, p. 88)	“The statement of a company’s moral response to its broadly defined responsibilities”	Social benefit
Collins & Porras (1996, p. 68)	“The organization’s fundamental reason for being”	Reason for being
Basu (1999, p. 8)	“The ultimate priority of the organization, its reason for existence or <i>raison d’être</i> ”	Reason for being
Mourkogiannis (2006, p. 46)	“A call to action”	Social benefit
Sinek (2009a, p. 39)	WHY companies do what they do <sup>1</sup>	Reason for being
Khalifa (2012, p. 241)	“Reason for being”	Reason for being
Thakor & Quinn (2013, p. 2)	“Something that is perceived as producing a social benefit over and above the tangible pecuniary payoff that is shared by the principal and the agent”	Social benefit
Birkinshaw et al. (2014, p. 95)	“A spiritual and moral call to action; it is what a company or a person stands for”	Social benefit
Hollensbe et al. (2014, p. 1228)	“The reason for which business is created or exists, its meaning and direction”	Reason for being
Harvard Business Review Analytic Services (2015, p. 1)	“An aspirational reason for being which inspires and provides a call to action for an organization and its partners and stakeholders and provides benefit to local and global society”	Reason for being
Henderson & Van den Steen (2015, s. 327)	“Concrete goal or objective for the firm that reaches beyond profit maximization”	Social benefit
Big Innovation Centre (2016, p. 5)	“Reason for being”	Reason for being
Santos (2016, online)	“Why the company exists”	Reason for being

<sup>1</sup> Sinek’s (2009a) statement is not an explicit definition of purpose, and is thus not listed in quotation marks

We label the first category of purpose definitions *customer orientation*. According to Khalifa (2012), Peter Drucker is probably the first “to emphasize the power of purpose to the management literature” (p. 244). Drucker (1986) asserts that the only valid definition of a business purpose is “to create a customer”. Drucker’s definition is the only definition in our review with a customer-orientation. Although much of the literature addresses customer orientation (e.g. Sinek, 2009a; Hollensbe et al., 2014; Harvard Business Review Analytic Services, 2015; Big Innovation Centre, 2016), these publications do not refer to an organization’s customers in their definitions of purpose. Consequently, we do not base our understanding of organizational purpose on Drucker’s definition.

We have coined the second category of definitions *social benefit*. This category entails definitions focusing on an organization’s morality, or urging for a “call to action”. The common denominator for this set of definitions is that they seem to entail a characterization of the organization’s contribution to society at large. Bartlett & Ghoshal (1994) define purpose as “the statement of a company’s *moral response* to its broadly defined responsibilities” (p. 88). These authors relate purpose to an organization’s recognition of its interdependence with stakeholders, arguing that organizations are important agents for societal change. Mourkogiannis (2006) defines purpose as “a call to action” (p. 46). Mourkogiannis clearly understands purpose as a pro-social concept, arguing that purpose is “based on well-established on moral ideas” (p. 17).

Thakor & Quinn (2013) define purpose as “something that is perceived as producing a social benefit over and above the tangible pecuniary payoff that is shared by the principal and the agent” (p. 2). These authors design a principal-agent model, in which purpose-oriented employees matched with purpose-oriented employers exert higher effort than does non-purpose-oriented employees matched with non-purpose-oriented employers. These findings imply that purpose-driven organizations may be more profitable than others, if they are able to recruit employees sharing the organization’s pro-social orientation. However, Thakor & Quinn’s model remains to be empirically tested. Birkinshaw et al. (2014) defines purpose as “a spiritual and moral call to action; it is what a company or a person stands for” (p. 95). This definition holds clear pro-social attributes. Birkinshaw et al. discusses how a focus on purpose may be combined with increased profits, by establishing pro-social goals and developing systems and structures that reinforce these goals. The authors argue that a pro-social purpose

resonates particularly well with an organization's employees, thus directing employees' efforts towards the organization's goals. Henderson & Van den Steen (2015) define purpose as "a concrete goal or objective for the firm that reaches beyond profit maximization" (p. 327). Their findings suggest that an organization with a purpose can be more profitable than others by strengthening employees' beliefs about themselves and their reputation. In an organizational setting, increased profits may stem from employee's accepting lower wages and exerting more effort due to the identity and reputation benefits from working in an organization with a pro-social purpose. Furthermore, purpose may serve as a sorting mechanism, matching "socially minded" employees with purpose-driven organizations. Henderson & Van den Steen's ideas are very much in line with those of Thakor & Quinn (2013) and Birkinshaw et al. (2014).

We label the third set of definitions *reason for being*. Campbell & Yeung (1991) define purpose as "why the company exists" (p. 13). These authors claim that when an organization's purpose is aimed at a "higher ideal", leaders will find it easier to create commitment and enthusiasm among employees. Collins & Porras (1996) define purpose as "the organization's fundamental reason for being" (p. 68). They direct attention to how purpose differs from strategies in that the purpose will remain fixed, while strategies endlessly adapt. In this context, the purpose function as a counterweight to the ever changing practices and strategies in the organization, thereby creating a balance between continuity and change. Similarly, Basu (1999) defines purpose as "the ultimate priority of the organization, its reason for existence or *raison d'être*" (p. 8). Basu holds the view that purpose represents the ultimate priority in the organization – serving as an end and not a means to which the end is achieved. In this, there are apparent similarities to Collins' & Porras' (1996) view – highlighting the fixed and unchangeable qualities of a purpose. Sinek (2009a) describes purpose as "why companies do what they do" (p. 39). The central tenet in Sinek's view is that successful organizations have a clear sense of their "why". Khalifa (2012) defines purpose as an organization's reason for being" (p. 241). Khalifa admits the practical necessity of strategies in order to "translate the purpose into a lived reality" (p. 241). Resembling Collins & Porras (1996), he is a strong defender of the view that the concepts of purpose and strategies are clearly distinct.

Hollensbe et al. (2014) defines purpose as "the reason for which business is created or exists, its meaning and direction" (p. 1228). These authors address the question of purpose in a

context of trust; arguing that there is a current lack of trust in corporations, which may be rebuilt by redefining corporations around their purpose. Furthermore, Hollensbe et al. advocates that purposeful organizations may serve a broader set of stakeholders and the common good. Harvard Business Review Analytic Services (2015) defines purpose as “an aspirational reason for being which inspires and provides a call to action for an organization and its partners and stakeholders and provides benefit to local and global society” (p. 1). Notably, this definition expresses that the organization's reason for being inherently includes a moral element, as well as it should have the ability to spur inspiration in others. Big Innovation Centre’s (2016) Purposeful Company Report defines purpose as an organization’s “reason for being” (p. 5). In the extension of this phrasing, these authors assert that purpose defines the organization’s contribution to society, as well as determining the organization’s goals and strategies. As such, this definition appears to contain similar characteristics to several of the other definitions offered in the management literature. Lastly, Santos (2016) defines purpose as “why the organization exists”, echoing the majority of the definitions above.

Our first research question is *what is organizational purpose?* Although many of the existing definitions of organizational purpose appear to assert pro-social attributes to the concept, we find that most of the literature defines organizational purpose as an organization’s “reason for being”.

**Proposition I:** *Organizational purpose is an organization’s “reason for being”, and should be understood as more than a statement – reflecting the reason why the organization exists beyond maximizing profit.*

As an extension of proposition I, we argue that organizational purpose should be seen as more than a slogan or a statement. This view is in line with Collins & Porras (1991), stating that “every organization has a purpose, it’s just that most companies have never successfully articulated it. Purpose is in the woodwork of the organization and is not set or created as much as it is recognized or discovered” (p. 41). However, we acknowledge that an organization’s purpose may very well be articulated as a statement if the organization desires to do so. Collins & Porras emphasize that articulating a purpose statement may be valuable for organizations: “even though purpose is always present - in the woodwork - and many successful companies have not explicitly articulated it, we firmly believe that any company will benefit

tremendously by the exercise of identifying and writing down a concise, complete statement of purpose” (p. 42).

## 2.2 Purpose and potential implications for employees

Our second research question is *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?* As stated in the last part of this research question, we seek to explore the implications an organization’s purpose may have on its employees. In chapter 2.2 we present literature elaborating on this subject. We find that organizational commitment and employee engagement are two effects widely discussed in the management literature. Hence, our primary focus is centered around these two effects.

First, we find that much of the management literature relates purpose to *organizational commitment*. Bartlett & Ghoshal (1993) urge organizations to design soft, organic organizational models built around purpose, processes and people, arguing that such a model increases employee commitment and creativity. In contrast to the “classical” multidivisional organizational model, the new model proposed by Bartlett & Ghoshal is characterized by fewer hierarchies, less control from top management, decentralization of entrepreneurial decisions to business units, and autonomic business units with full responsibility for their own balance sheets. The authors refer to the shift towards this new organizational model as a “process of purposeful corporate renewal” (p. 38), in which top management should serve as creators of organizational purpose and challengers of status quo in the organization. In a later paper, Bartlett & Ghoshal (1994) emphasize the relationship between organizational purpose and employee commitment, arguing that plans and strategies embedded in a broader organizational purpose may engender emotional attachment in the organizations employees.

Birkinshaw et al. (2014) relates organizational purpose to organizational commitment. The authors argue that being a purpose-driven organization generally presupposes a high degree of commitment and motivation from employees. Furthermore, Birkinshaw et al. state that employees are more inclined to be committed to the organization’s goals if the purpose is pro-social, providing a direct link between the organization’s goals and employees’ pro-social orientation. Hollensbe et al. (2014) argues that organizational purpose involves giving employees the autonomy and support to make decisions that are in line with the purpose, which



ultimately may foster innovation, creativity, and organizational commitment. This view is quite similar to that of Bartlett & Ghoshal (1994).

There exist much literature addressing potential benefits of organizational commitment. Meyer, Becker & Vandenberghe (2004) argue that “commitment is one among a set of energizing forces that contributes to motivated (intentional) behavior” (p. 994). Furthermore, organizational commitment appear to be a predictor of increased work performance and satisfaction, tenure and attendance (Meyer et al. as cited in Abbot, White, & Charles, 2005). Moreover, several scholars have found negative correlations between organizational commitment and turnover (Reichers, 1985; Meyer et al. as cited in Abbot, White, & Charles, 2005).

In addition to organizational commitment, *employee engagement* protrudes as a second potential implication purpose may have for employees. Employee engagement can be defined as “the cognitive, emotional, and behavioral energy an employee directs toward positive organizational outcomes” (Shuck & Wollard, 2010 as cited in Shuck & Rose, 2013, p. 2). Shuck & Rose (2013) understand organizational purpose as a prerequisite for employee engagement, and argue that without purpose, little or low-quality engagement is likely, and lower performance can be expected. Furthermore, these authors argue that focusing on the external impact of work tasks, projects and organizational goals could potentially provide employees with a greater sense of purpose in their work. According to Shuck & Rose (2013), this may in turn increase employee engagement in the organization. EY Beacon Institute (2016) states that complex organizations may be at risk of losing sight of what they are doing. Therefore, purpose is valuable in order for organizations “to harness the energies of individuals, to excite and engage them, to grow and innovate” (2016, p. 17). Employee engagement and innovation may be achieved if purpose is used as a guide for daily and long-term decision making (EY Beacon Institute, 2016).

Salanova, Agut & Peiró (2005) understand employee engagement as a motivational construct, related to employees’ willingness to invest effort in their work, employees’ dedication for work and the degree to which employees absorb themselves in the work and have difficulty detaching themselves from it. Although these authors focus on employee engagement and customer loyalty, and do not address the concept of organizational purpose specifically, their research may prove valuable for understanding the potential implications purpose can have for

employees. For instance, Salanova et al., (2005) argue that there are proven relationships between work engagement and positive outcomes for an organization, such as “job satisfaction, low absenteeism, low turnover, and high organizational commitment and performance” (p. 1218).

Based on the relationship between organizational commitment and employee engagement found in the management literature, we offer the following proposition:

**Proposition II:** *Organizational purpose can potentially have implications on employee behavior through increased organizational commitment and engagement.*

## 2.3 The relevance for MCS in a study on organizational purpose

In our second research question, we ask *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?* In chapter 2.3, we present literature on what it means to operationalize purpose in an organization’s MCS. Much of the literature on organizational purpose implies that purpose is operationalized in two steps. EY Beacon Institute & Forbes Insights (2016) refer to these two steps as *articulation* and *activation*, while Deloitte (2016) refers to the steps as *discover* and *embed*.

Generally, *the first step* of operationalizing purpose is related to the articulation of a purpose statement. As addressed in chapter 2.1.2, Collins & Porras (1991) emphasize that there may be value in articulating an explicit purpose statement. These authors state that “even though purpose is always present - in the woodwork - and many successful companies have not explicitly articulated it, we firmly believe that any company will benefit tremendously by the exercise of identifying and writing down a concise, complete statement of purpose” (p. 42). According to EY Beacon Institute & Forbes Insights (2016), operationalization of purpose “begins with explicit articulation – the clear expression of why this business is in business” (p. 7). Similarly, Deloitte (2016) argues that operationalization starts with leaders articulating a statement linking purpose to the business model. Their report states that “when businesses discover their purpose, they can use it as a focal point to guide stakeholders in the company towards a common goal” (p. 28).

*The second step* relates to the operationalization of purpose in an organization's MCS. Pascarella & Frohman (1989) provide a link between purpose and an organization's control systems, arguing that "the purpose of purpose is to align the activities of people throughout the organization: their participation is meaningless, and sometimes harmful, if it has no guidance system" (p. 141). Caulkin (2016) notes that organizational purpose is little more than an aspirational concept on its own. To make the purpose tangible, organizations must embed purpose in their "measures and methods" (p. 2). Caulkin's (2016) notion of "measures and methods" can be understood as the organization's control mechanisms. Similarly, EY Beacon Institute & Forbes Insights (2016) argue that "once articulated [...] purpose must then cascade into a company's strategy and tangible, supporting business practices. Truly purpose-focused companies "activate" purpose by making it real for decision-makers, the workforce, customers and all related stakeholders." (p. 7). The activation in which these authors refer to involves using purpose as a driver for day-to-day actions and decision-making, as well as implementing purpose in an organization's performance evaluation and compensation models (EY Beacon Institute & Forbes Insights, 2016). Deloitte (2016) argues that in order to make a genuine impact, purpose must be "embedded in the business and inform strategy and operating model, culture and values [...]" (p. 11). Our literature review on the operationalization of purpose culminates in proposition III.

**Proposition III:** *In order for an organization to become truly purpose-driven, the purpose must be operationalized in the organization's MCS.*

Our notion is that in order for an organization to be *driven* by a purpose, it need to be operationalized in the MCS. Thus, we understand a purpose-driven organization as an organization embedding purpose in its MCS.

## 2.4 Summary of findings from our literature review

Chapter 2 provides a review of the existing literature on organizational purpose. We have developed three propositions based on our understanding of the concept. Proposition I provides an answer to our first research question: *what is organizational purpose?* We understand organizational purpose as an organization's "reason for being". Although often referred to as a statement, an organization's purpose should be understood as more than merely

a statement. In the words of Collins & Porras (1991), “every organization has a purpose, it’s just that most companies have never successfully articulated it” (p. 41). Second, we have identified that organizational purpose can potentially have implications on employee behavior through increased organizational commitment and employee engagement. Third, the findings from our literature review suggest that purpose should be operationalized in an organization’s MCS.

### **3. Theoretical framework for MCS**

In chapter 2.3, we discussed the relevance for MCS in a study of organizational purpose. Chapter 3 provides a theoretical framework for analyzing an organization's MCS. In chapter 3.1, we review various contributions to the MCS literature. In chapter 3.2, we present Malmi & Brown's (2008) framework for analyzing an organization's MCS package. This framework will serve as basis for analyzing how purpose is operationalized in Laerdal Medical's and Storebrand's MCS.

#### **3.1 MCS in the management control literature**

Numerous contributions have been made to the study of MCS (Anthony, 1965; Simons, 1995; Otley 1999; Malmi & Brown; 2008). In the following, we review some of the prominent understandings of MCS. We have chosen to briefly review selected understandings of MCS to shed light on the broad scope of literature on the subject.

Anthony (1965) was one of the pioneers in developing a framework for analyzing MCS. He distinguishes between operational control, management control and strategic control, modelling these three dimensions as a pyramid where the operational control dimension is situated at the bottom and the strategic control dimension atop. However, Anthony's framework offers a somewhat narrow definition of MCS, as he primarily focuses on the management control dimension (Otley, 1999).

Simons (1995) refers to MCS as "the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities" (p. 5). He argues that an organization can achieve control by using four control levers: diagnostic control systems, beliefs systems, boundary systems, and interactive control systems. Simons' primary focus is on the informational-based aspects of MCS (Malmi & Brown, 2008). Consequently, we do base our analysis on Simons' framework, as we primarily are interested in employee behavior, and not the information-based aspects of MCS.

Otley (1999) proposes a framework for research on MCS. Otley formulates a set of questions related to five dimensions: key objectives, strategies and plans, performance targets, rewards, and information flows. Furthermore, these questions are used to analyze specific control

techniques; such as budgeting, Economic Value Added, and the Balanced Scorecard Approach. The framework Otley (1999) proposes is part of the literature that primarily focuses on the provision of information for decision making (Hared & Huque, 2013). Based on the literature on organizational purpose, it appears that purpose may be related to “softer” elements of an organization’s MCS, such as corporate culture and values (Deloitte, 2016). Therefore, Otley’s (1999) framework appears to be not as appropriate for analyzing the operationalization of purpose in MCS.

Malmi & Brown (2008) define management controls as “systems, rules, practices, values and other activities management put in place in order to direct employee behavior” (p. 290). If these management controls pose complete systems instead of simple rules, they should be called MCS (Malmi & Brown, 2008). Furthermore, the collection of different MCS in an organization may be referred to as an MCS package (Malmi & Brown, 2008). The authors identify five types of controls that may constitute MCS as a package: namely culture controls, planning controls, cybernetic controls, reward and compensation, and administrative controls.

### 3.2 Framework for analysis: MCS as a package

Our chosen framework for analysis is Malmi & Brown’s (2008) conceptual framework for studying MCS as a package. Figure 1 provides an overview of Malmi & Brown’s conceptual framework.

<b>Cultural Controls</b>						
Clans		Values			Symbols	
<b>Planning</b>		<b>Cybernetic Controls</b>				<b>Reward and Compensation</b>
Long range planning	Action planning	Budgets	Financial Measurement Systems	Non Financial Measurement Systems	Hybrid Measurement Systems	
<b>Administrative Controls</b>						
Governance Structure		Organisation Structure			Policies and Procedures	

**Figure 1: MCS as a package (Malmi & Brown, 2008)**

Malmi & Brown's (2008) framework is extensively discussed and applied in management control literature (e.g. O'Grady & Akroyd, 2016). The framework's main area of application is in analyzing how different MCS work together as a control package. However, the framework may also be used as a more descriptive approach for broadly mapping and analyzing the different tools, systems and practices that managers use to formally and informally direct employee behavior (Malmi & Brown, 2008). As we seek to explore how purpose influences the MCS in two different organizations, this framework provides the necessary tools for describing the operationalization of purpose in the two organizations' MCS.

Malmi and Brown (2008) point to several reasons for studying an organization's MCS as a package, of which we highlight the two most relevant motives for our study. First, the various MCS do not operate in isolation. Rather, they invariably sit within a broader control system (Chenhall, 2003). The links between the various MCS ought to be recognized to avoid erroneous conclusions (Fisher 1998, as cited in Malmi & Brown, 2008). Similarly, Chenhall (2003) warns that understanding each MCS element in isolation may lead to a "potential for serious model under specification" (p. 131). Second, there is arguably a need for including controls such as the administrative and cultural controls in an MCS framework (Malmi & Brown, 2008). These authors maintain that the management accounting literature has typically put its main emphasis on accounting-based controls and formal systems. There is still a limited understanding of other types of controls' impact on the MCS package, such as cultural and administrative controls (Malmi & Brown, 2008). Cultural controls are important because organizations' behavior cannot be explained without its societal constructs (Minkov & Hofstede, 2011). Administrative controls create the structure in which the traditional control systems such as planning and cybernetic control are exercised (Malmi & Brown, 2008). As these types of control are attracting more attention, there is a need to gain a broader understanding of MCS as a package. Thus, a broad understanding of the MCS "may facilitate the development of better theory of how to design a range of controls to support organizational objectives" (Malmi & Brown, 2008, p. 288).

In the following paragraphs we elaborate on the five controls included in Malmi & Brown's (2008) framework. Furthermore, we discuss personnel controls as an additional control

mechanism. Personnel controls are not explicitly included in Malmi & Brown's (2008) framework, but it is referred to in their paper as a potential MCS.

*Cultural controls* are established to influence employees' behavior (Malmi & Brown, 2008). Cultural controls consist of clan controls, value controls and symbol-based controls. Clans are the micro-cultures or individual groups in an organization. Ouchi (1979) argues that clan controls is a socialization process in an organization, instilling a set of values in employees. The concept of value controls was developed by Simons (Malmi & Brown, 2008). Simons (1995) refers to the concept as beliefs systems, in which he defines as "the explicit set of organizational definitions that senior managers communicate formally and reinforce systematically to provide basic values, purpose, and direction for the organization" (p. 34). Beliefs systems are communicated through documents such as credos, mission statements, and statements of purpose (Simons, 1995). Lastly, symbols are visible expressions in the organization (Schein, 1997 as cited in Malmi & Brown, 2008).

*Planning controls* consists of two components: long-range planning and action planning (Malmi & Brown, 2008). The planning controls set out the goals of the functional areas of the organization, provide the standards to be achieved in relation to the goal, and align goals across functional areas of the organization. Long-range planning has a strategic focus, and establishes goals and actions for the medium and long run. Action planning has a tactical focus, and establishes goals and actions for a 12-month period or less.

*Cybernetic controls* may be defined as "a process in which a feedback loop is represented by using standards of performance, measuring system performance, comparing the system's comportment" (Green & Welsh, 1988, p. 289). Cybernetic controls have had a long association with the concept of control (Arrow, 1964; Koontz & O'Donnel, 1968; Mintzberg, 1979; Daft, 1983; Strank, 1983, all as cited in Malmi and Brown, 2008). Such controls consist of budgets, financial measures, non-financial measures and hybrids containing both financial and non-financial measures (Malmi & Brown, 2008). Cybernetic controls have five characteristics (Green & Welsh, 1988 as cited in Malmi & Brown, 2008). First, there are measures enabling quantification of an underlying phenomenon. Second, there are standards of performance or targets to be met. Third, there are feedback processes enabling comparison of the outcome of activities towards a standard. Fourth, analyzes are conducted on deviations from the aforementioned standards. Fifth, one should be able to modify the cybernetic control system.



The *reward and compensation controls* aim to motivate and increase the performance of individuals and groups, by attaching rewards to control effort direction, duration, and effort intensity (Malmi & Brown, 2008).

*Administrative controls* direct employees' behavior through the organizational structure, the monitoring of behavior through the governance structure, and through specifying how tasks and behaviors are to be performed through policies and procedures (Malmi & Brown, 2008).

A sixth MCS not explicitly included in Malmi & Brown's (2008) framework is *personnel controls* (Merchant & Van der Stede, 2007 as cited in Malmi & Brown, 2008). Personnel controls include elements such as employee selection, training and job design. Selection refers to the selection criteria organizations use in their recruitment processes, and may be included under cultural controls (Malmi & Brown, 2008). Training can be seen as a way of managing organizational culture, and could be embedded in the cultural controls, whereas job design may be integrated in the administrative controls. The rationale for including personnel controls as a separate element is that purpose seem to be related to *recruitment and retention of employees* in an organization. Collins & Porras (1991) argue that an organization with a clear purpose may attract job-seekers with personal purposes aligned with the organization's purpose, while repelling those with purposes contradicting the organization's purpose. Furthermore, some employees may choose to leave the organization if they find that their personal purposes are not aligned with the organization's purpose. EY Beacon Institute (2016) finds that organizational purpose can improve the recruitment and retention of talent. Furthermore, Big Innovation Centre's (2016) Purposeful Company Report states that organizational purpose is associated with improved recruitment, retention and employee motivation. Henderson & Van den Steen (2015) find that organizations with a pro-social purpose can be more profitable than other organizations, by strengthening employee's identity and reputation.

Although Malmi & Brown's conceptual framework has been established as a recognized framework for analyzing MCS as a package, criticism has also been raised against the framework. First, the framework may be criticized for being too broad, not offering an in-depth understanding to the various MCS. Malmi and Brown (2008) recognize this potential limitation of the framework, admitting that "the strength of the typology lies in the broad scope of the controls in the MCS as a package, rather than the depth of its discussion of individual

systems” (p. 291). Second, the framework has been criticized for having “limited potential, which is probably caused by the additive nature of its origin” (Siska, 2015, p. 145), denoting a lack of inherent interaction between the elements in the framework. Third, as Malmi & Brown’s work is newly developed compared to other notable MCS frameworks, the framework needs more empirical validation to check its practicality (Hared & Huque, 2013).

To summarize, chapter 3 accounts for Malmi and Brown’s (2008) MCS framework. This framework serves as a basis for analyzing an organization’s MCS package, consisting of five components: cultural controls, planning controls, cybernetic controls, rewards and compensation, and administrative controls. In addition, we include Merchant & Van der Stede’s (2007, as cited in Malmi & Brown, 2008) personnel controls as a sixth component of the MCS package. The framework will be utilized for analyzing the operationalization of purpose in Laerdal Medical’s and Storebrand’s MCS. The framework has its main strengths in that it includes “non-traditional” MCS, such as administrative and cultural controls. As such, the framework offers a broad scope of the controls in the MCS as a package (Malmi & Brown, 2008). However, the framework may be criticized for being too broad, not offering an in-depth understanding to its various MCS elements (Malmi & Brown, 2008).

## 4. Research methodology

In chapter 4 we elaborate on our methodological choices for answering our research questions:

- i. *What is organizational purpose?*
- ii. *How do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?*

The chapter consists of seven sections. In chapter 4.1, we advocate for our choice of research philosophy. In chapter 4.2, we describe our research approach. Chapter 4.3 presents the elements of our research design; including our research purpose, our research method, our research strategy, and the time horizon of our study. Chapter 4.4 illuminates how our data was collected. In chapter 4.5, we describe our method for data analysis. Chapter 4.6 discusses the quality of the data we have obtained, including potential validity and reliability issues. In chapter 4.7, we discuss research ethics and relevant considerations for conducting our thesis. Lastly, chapter 4.8 summarizes our methodological choices.

### 4.1 Research philosophy

*Research philosophy* refers to a “system of beliefs and assumptions about the development of knowledge” (Saunders, Lewis, & Thornhill, 2016, p. 124). Assumptions about human knowledge and the nature of realities inevitably shape the research questions, the methods and the interpretations of our findings (Crotty, 1998 as cited in Saunders et al., 2016). Thus, having a well-reflected attitude towards one’s research philosophy is important.

Overall, we find it expedient to be pragmatic in the way we answer our research questions. According to Lukka & Modell (2010), pragmatics argue that there can be several truths, and that they recognize the role of consensus of views in social settings. At the same time, pragmatists reject a perception where all truth claims are understood as equally justifiable (Lukka & Modell, 2010). The various research philosophies may be illustrated on a continuum, with positivism at one extreme and interpretivism at the other. Pragmatism can be situated anywhere along such a continuum, and may even take various combinations of positions (Tashakkori & Teddlie, 2010). Further, Nastasi, Hitchcock & Brown (2010) argue that for pragmatists, the nature of the research question, the research context, and likely

research consequences are among the driving forces in determining the most appropriate methodological choice.

Our first research question, *what is organizational purpose?* arguably entails interpretivist aspects; purpose is a socially constructed term that individuals interpret differently. Our second research question, *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?* has a less interpretive nature. As our answer to the second research question may have practical implications for organizations, we understand this research question to entail primarily pragmatic underpinnings, in accordance with Saunders et al. (2016). As such, we infer that a pragmatic research philosophy is the most appropriate philosophy for our study.

## 4.2 Research approach

*Research approach* relates to the researcher's approach to theory development (Saunders et al., 2016). Saunders et al. (2016) maintains that research approach is commonly portrayed as two contrasting approaches of reasoning; the deductive approach and the inductive approach. A deductive research approach starts with theory to be tested in accordance with the chosen research strategy. Here, data collection is used to evaluate hypotheses related to theory. An inductive approach starts with data collection to explore a phenomenon, identify themes and patterns, and consequently to build a conceptual framework upon. A third approach commonly used in research is the abductive approach (Saunders et al., 2016). An abductive approach is typically characterized by the collection of data to explore a phenomenon, followed by the development of a conceptual framework based on the identified themes and patterns, which is ultimately tested through additional data collection. Such an approach is commonly used to build new theory or to modify existing theory. This resonates with Dubois & Gadde's (2002) statement that "an abductive approach is fruitful if the researcher's objective is to discover new things" (p. 559).

In our thesis, we explore the concept of purpose in organizations and how purpose is operationalized in organization's MCS. Although there are considerable amounts of existing literature on MCS in general, organizational purpose still represents a fairly unexplored theme in the management control literature. Consequently, we find an abductive research approach

most appropriate in our research, as such an approach allows us to move back and forth between theory and data collection (Saunders et al., 2016).

Our first research question is formulated as *what is organizational purpose?* In practice, we approached our research by reviewing existing literature on organizational purpose and identifying themes in which we wanted to investigate further in our analysis; such as personal beliefs, employees' motivation and their pro-social orientation. Questions revolving around these themes were incorporated in our interview guide, available in appendix 10.1 and 10.2. Based on the findings from our collected data, we found employee motivation to be the most relevant theme in relation to organizational purpose. Personal beliefs and pro-social orientation appeared to have a relationship to organizational purpose, but we were not able to establish a pattern based on the data we collected. Thus, we re-worked our initial suppositions to mainly explore the relationship between organizational purpose and employee motivation – in addition to related concepts such as organizational commitment and engagement.

In relation to the first part of our second research question, *how do purpose-driven organizations operationalize purpose in their MCS?* we incorporated the five elements from Malmi & Brown's (2008) MCS framework in our interview guide. This enabled us to collect primary data in which we could relate to the framework. Based on the findings from our interviews, we identified the "personnel controls" theme to be a relevant element in operationalizing purpose in an organization's MCS. Thus, we incorporated personnel controls as separate element in our MCS analysis. In relation to the second part of our research question *what are the implications for employees?* we probed the interviewees towards reflecting on the implications purpose had for them, by asking for concrete examples.

In summary, our research process may be characterized as an oscillating process, moving back and forth between literature and data collection as we gained new insights.

### 4.3 Research design

The *research design* is the general plan of how the researcher goes about answering his or her research questions (Saunders et al., 2016). In chapter 4.3.1 – 4.3.4, we clarify four components of our research design: research purpose, research method, research strategy, and the time horizon for our study.

### 4.3.1 Research purpose

The *purpose* of a particular research can be categorized as exploratory, descriptive, explanatory, evaluative, or a combination of these (Saunders et al., 2016). Our research may best be characterized as exploratory. Exploratory research seeks to explore a phenomenon or topic of interest, where the researcher typically gains insights by asking open questions (Saunders et al., 2016). Such research is typically useful to clarify one's understanding of an issue, problem or phenomenon. The purpose of our research is two-fold: to gain an enhanced understanding of the concept of purpose in organizations, and to gain insights as to how organizations operationalize purpose in their MCS and the potential implications for employees. Although organizational purpose currently is a frequently discussed concept among practitioners, the phenomenon is relatively unexplored in the existing scholarly management literature. Thus, our contribution to the management literature is to further illuminate the phenomenon and gain understanding in how it may be operationalized in an organization's MCS.

One of the advantages with the exploratory research purpose is that it is flexible and adaptable to change, allowing the researcher to change direction as new data and insights occur (Saunders et al., 2016). Conducting our research, we commenced with a list of themes that seemed relevant to organizational purpose; such as personal beliefs, employee motivation, and corporate responsibility. Reviewing our collected data however, we found that some of these original themes were less relevant to our research. For instance, pro-social orientation appeared to be less important for our interviewees than we originally assumed. Being adaptable to new insights occurring throughout our data analysis arguably improved the overall quality of our research.

### 4.3.2 Research method

*Research methods* can be classified as either quantitative, qualitative or mixed (Saunders et al., 2016). Our study complies with a qualitative research method. Qualitative data collection denotes generation or use of non-numerical data. Qualitative research is characterized by the observation of interviewees' meanings and the relationship between them. We find the qualitative research method convenient in our exploration of organizational purpose. Our main argument for using a qualitative method is that it enables us to capture the interviewees

personal reflections. Conducting our interviews, we were able to collect rich data by asking open questions and following up by probing for specific examples.

### 4.3.3 Research strategy

*Research strategy* refers to how a researcher goes about answering his or her research question (Saunders et al., 2016). The researcher's choice of research strategy should be guided by his or her research questions, research philosophy, approach and purpose, as well as by pragmatic considerations such as the amount of time and resources available to the researcher. Qualitative research typically uses research strategies such as case studies, ethnography or action research, although it is also possible to use a combination of different research strategies.

We seek to explore what organizational purpose is, how purpose-driven organizations operationalize purpose in their MCS, and the potential implications for employees. In order for us to answer these questions, we find it appropriate to conduct a multiple case study of two purpose-driven organizations.

A *case study* is “an in-depth analysis of a topic or phenomenon within its real-life setting” (Yin, 2014 as cited in Saunders et al., 2016, p. 184). The rationale for conducting a case study in our research is that organizational purpose arguably is an unexplored phenomenon in the management literature. As such, we find it relevant to conduct an in-depth analysis to enhance our understanding of the concept. This view is in line with the reasoning of Saunders et al. (2016), arguing that “an in-depth inquiry can be designed to identify what is happening and why, and perhaps to understand the effects of the situation and implications for action” (p. 185).

We have chosen to conduct a *multiple* case study. According to Yin (2014), “multiple-case designs have distinct advantages and disadvantages in comparison to single-case designs” (p. 57). An advantage is that evidence from multiple case studies are often regarded more robust (Herriot & Firestone, 1983 as cited in Yin, 2014). On the other hand, multiple case studies can require extensive resources and time (Yin, 2014). By studying multiple cases, we expected to find more variation in how purpose can be operationalized, and thereby gain a broader understanding of organizational purpose.

When writing our research proposal, we conducted thorough research on Norwegian organizations that seemed to have a particular focus on their “reason for being”. We decided to select two organizations serving as “typical” examples of purpose-driven organizations, and explore how these organizations operationalize purpose in their MCS. The reasoning for limiting our study to two units of analysis is two-fold. First, analyzing more than two cases is arguably a resource intensive effort, that simply goes beyond the means available to us in our thesis. Second, there are rather few organizations in Norway that explicitly use the term “purpose” in their external communication.

Our justification for choosing Laerdal Medical and Storebrand as units of analysis is that we aspired to analyze two organizations serving as “typical” examples of purpose-driven organizations. Based on information obtained in our company research, including discussions with professors at NHH, we found that both Laerdal Medical and Storebrand appeared to put emphasis on purpose, and seemingly had a broader focus than generating profits. Laerdal Medical states that “if we can create value to the society at large, and do our job well, satisfactory economic results will follow – and allow us to build a stronger company with time” (Tjomsland, 2015, p. 16). Similarly, Storebrand’s focus on sustainability seems to validate that the organization have a broader focus than solely generating profits (Storebrand ASA, 2016). In addition, both organizations explicitly use the term “purpose” in their external communication – which we find to be a strong indication that they put much emphasis on their purpose. We found that conducting a comparative analysis of the operationalization of purpose in these organizations’ MCS could contribute with valuable insight to answer our main research question.

We conduct a comparative analysis of our findings from Laerdal Medical and Storebrand. Generally, we expect to find similar results from each of the two organizations, as both organizations seemingly can be characterized as purpose-driven. Yin (2014) terms the method of selecting units of analysis that expectedly produce similar results *literal replication*. At the same time, these two organizations display differences mainly along three axes. First, Laerdal Medical operate in the medical industry, whereas Storebrand operate in the financial industry. Second, Laerdal Medical is a family-owned, non-listed company. Storebrand, on the other hand, is publicly listed on OSBEX. Third, there is a vast time discrepancy as to when the two organizations first articulated their purpose. Laerdal Medical articulated their purpose around



1960, whereas Storebrand articulated their purpose in 2016. These three differences can potentially explain many of the variations in our empirical findings. This may prove to be a strength in our research, broadening the scope for the various ways in which purpose may be operationalized in an organization's MCS.

Lastly, our case study can be classified as *holistic*, as we are mainly concerned with analyzing each of the two organizations as a whole (Yin, 2014 as cited in Saunders et al., 2016). Although we occasionally address the differences we find between interviewees from various departments in the same organization, our main focus is to analyze how an organization as a whole operationalizes its purpose – and subsequently compare our findings from each of the two organizations.

#### 4.3.4 Time horizon

The *time horizon* of a research study can be either longitudinal or cross-sectional (Saunders et al., 2016). Longitudinal research involves studying a phenomenon over a given time period, while cross-sectional research involves studying a phenomenon at a particular point in time. Conducting a longitudinal study could potentially be interesting for our research; allowing us to analyze how an organization's purpose evolve over time. Organizational purpose is arguably a “buzzword” in the current practitioner research, and it would be interesting to see how the organizations' operationalization of purpose are affected by a potential reduction in the current “buzz” around the concept. However, the time horizon of this study is cross-sectional due to time constraints. Our interviews were conducted in March and April 2017.

As noted above, Laerdal Medical's focus pivoted towards their current purpose of *Helping save lives* around 1960. Storebrand has been working towards their purpose since 2016, and is currently in the initialization phase of operationalizing their purpose. The operationalization of purpose is likely to be a laborious process. Therefore, the findings from these two organizations may not be directly comparable in a cross sectional study. This may be viewed as a potential drawback in conducting a research with a cross sectional time horizon instead of conducting a longitudinal study.

## 4.4 Data collection

Collected data may be categorized as either *primary data* or *secondary data* (Saunders et al., 2016). Primary data is new data, collected specifically for the purpose of a specific research. Secondary data is data that initially has been collected for some other purpose. In our research, we collected primary data by conducting semi-structured interviews. Yin (2014) asserts that “one of the most important sources of case study evidence is the interview” (p. 110). This method involves asking questions based on an interview guide, but also allows the researcher to deviate from the pre-set questions if he or she wishes to do so. In chapter 4.4.1 below, we discuss our method for collecting primary data. In chapter 4.4.2, we present our interviewees. In chapter 4.3.3, we discuss our use of secondary data.

### 4.4.1 Primary data: semi-structured interviews

Collecting primary data through semi-structured interviews seems appropriate to our research. Conducting our literature review, we identified a set of topics in which we wanted to discuss in our interviews. For instance, we wanted to gain an understanding of the interviewees’ commitment and intrinsic motivation for working at their respective organizations, and to discuss the specific ways in which the interviewees encounter purpose in their daily work. As such, we found it necessary to speak directly with employees in each of the two organizations in our study. Thus, we decided to collect primary data through personal interviews. As for the structure of our interviews, we developed an interview guide containing a set of predefined questions. We also wanted the flexibility to follow up on topics or examples in which the interviewees referred to during the interviews. The semi-structured interview method provided the flexible structure we desired.

### 4.4.2 Interviewees

As discussed in chapter 4.3.3, our research strategy generally involves conducting a holistic case study. Thus, we are interested in how an organization as a whole operationalizes purpose in its MCS. We were assigned a contact person in each of the two organizations, helping us choosing our interviewees. To get a holistic view of both organizations, our criteria in the selection process was to interview employees representing different hierarchical levels in the

organization, that preferably represented various departments. Further, we requested to interview at least one key person in each organization that had in-depth knowledge of the organization's work on purpose. This was to ensure that valuable knowledge about the operationalization of purpose would be displayed in both organizations. All interviewees are employed in the Norwegian headquarters of their respective organizations. Thus, the implications of our study are limited to the Norwegian entities of both organizations. Table 2 on the next page provides an overview of our interviewees.

**Table 2: Descriptive overview of interviewees**

Level / role	Description	Laerdal Medical	Storebrand
<b>Executive manager</b>	Reports to CEO	1	2
<b>Middle-manager</b>	Management responsibilities	3	2
<b>Subordinate</b>	No management responsibilities	2	1
<b>Total</b>	–	6	5

We define *executive managers* as top-level managers reporting to the CEO in their respective organizations. *Middle-managers* are defined as employees with management responsibilities in the organization, without directly reporting to their CEO. Lastly, *subordinates* are defined as employees with no management responsibilities. The interviews were conducted by face-to-face meetings at the organizations' premises in Stavanger and Oslo respectively, with the exception of one phone interview in Storebrand.

#### 4.4.3 Secondary data

In addition to the primary data we collected, we made use of secondary data such as annual reports and internal reports. These documents were used as guidance in formulating the questions in our interview guide. Furthermore, the insight we gained from reviewing these documents proved valuable in our interviews. These insights enabled us to follow up on

interviewees' comments in ways that enlightened the subject of interest even further. Lastly, we used the secondary data in our first-order analysis to supplement our collected primary data.

## 4.5 Data analysis

*Analyzing* qualitative data is the process of summarizing, coding and categorizing collected data in order to group the data to themes, which subsequently provides a structure for answering the research question (Saunders et al., 2016). We used a thematic approach to our analysis, in order to search for themes occurring across the data set. The following paragraphs describe our approach to the data analysis conducted in our research.

With the interviewees' permission, we recorded each interview electronically. The data collected from our interviews was thereafter transcribed to text. Following which, we used a three-step, thematic approach to our data analysis. First, we began the analysis by identifying a range of initial concepts in the transcribed text, as described by Corley & Gioia (2004). This enabled us to identify patterns in the data material, and to logically systemize our collected data. Second, we used Microsoft Excel to categorize the initial concepts we had identified to 36 broader categories such as "storytelling", "recruitment" and "decision-making". Structuring the initial concepts into categories provided the basis for clearly delineating themes and aggregating dimensions. The categories were tabulated to provide an appropriate display of the data, as suggested by Miles & Huberman (1994). Third, we identified five overarching themes based on the broad categories we identified in step two. These overarching themes were labeled "the purpose statement", "culture", "planning", "administration", and "personnel". Most of these themes were inspired by Malmi & Brown's (2008) framework for MCS.

We conduct a first-order analysis and a second-order analysis of our collected data, as suggested by Corley & Gioia (2004). The first-order analysis is a systematic review of our data, presented on the basis of the themes identified in the coding process. Here, we aim to avoid our own interpretations, and simply echo the words of the interviewees. Nevertheless, the quotes in the first-order analysis are structured thematically, and thus contain elements of interpretation. In our second-order analysis, we conduct a comparative study of Laerdal

Medical and Storebrand. The second-order analysis is primarily based on the empirical findings from our interviews.

## 4.6 Research quality

Yin (2014) argues that there are four important tests in assessing the *quality* of a case study: construct validity, internal validity, external validity and reliability. Internal validity is not relevant in exploratory research (Yin, 2014), and is consequently not elaborated further in this chapter. The three other tests, and their associated threats, are discussed in chapter 4.6.1 and 4.6.2.

### 4.6.1 Validity

*Construct validity* is about “identifying the correct operational measures for the concepts being studied” (Yin, 2014, p. 46). According to Saunders et al. (2016), ensuring that the interview questions are clear and understandable for the participants is important. Ambiguous questions may be a *threat to the construct validity* in our study. Vague questions and formulations may be misunderstood by interviewees, the result being that the collected data does not measure what it is intended to measure. Operationalizing measures of organizational purpose is particularly challenging in our study, as the concept itself is ambiguously defined in the management literature.

To account for this potential threat to construct validity, we specifically asked each organization to provide us with at least one interviewee with in-depth knowledge of the organization’s work on purpose. We operationalized the concept by referring to organizational purpose as an organization’s “reason for being”. As the literature review in chapter 2 revealed, this is evidently the most common understanding of purpose in the management literature.

We commenced each interview by asking open questions about the organization’s “reason for being” to clarify each interviewee’s understanding of their respective organizations’ purpose. Subsequently, we probed the interviewee to reflect on their organization’s purpose statements, namely *Helping save lives* in Laerdal Medical and *A future to look forward to* in Storebrand. We followed up by asking questions related to topics such as the interviewee’s personal beliefs, motivation, and pro-social orientation. This was to account for potential links between

these three concepts and organizational purpose. Discussing these topics generally led the interviewees to reflect on various components of the MCS in their organization. For instance, interviewees often related questions regarding personal beliefs to why they first joined the organization. Lastly, to ensure a thorough discussion on the operationalization of purpose, we asked direct questions on the relationship between purpose and the various MCS in their organization.

*External validity* relates to “defining the domain to which a study’s findings can be generalized” (Yin, 2014, p. 46). Generalization may be classified in two categories: statistical generalization and analytical generalization (Yin, 2014). Statistical generalization is common in quantitative research, and involves making inference about a population based on empirical data collected from a sample of that population. Analytical generalization involves identifying general themes from a particular case study, and subsequently use the “lessons learned” from that case to contribute with insights beyond the setting of that specific case. In a qualitative study like ours, it is more appropriate to discuss analytical generalization than statistical generalization. Thus, Laerdal Medical and Storebrand should not be seen as “sampling units” enabling statistical generalization to a broader population of organizations. Rather, these organizations should be viewed as two “typical” cases enabling us to study the concept of purpose in an organizational setting. If we manage to identify a set of general themes and principles based on our empirical findings, we may succeed in providing a contribution to the management literature on the operationalization of purpose by a process of analytical generalization. As noted in chapter 4.3.3, however, we acknowledge that there are three particular differences between the two organizations. Although these differences may reduce our ability to identify general themes across the two units of analysis, we would also argue that these differences can broaden the scope for how purpose may be operationalized in an organization.

A potential *threat to external validity* in our research is the selection of units of analysis. We have chosen Laerdal Medical and Storebrand as our units of analysis on the basis that they both seem to be typical cases of purpose-driven organizations. However, there are also apparent differences between these two organizations. The potential threat in generalizing our findings is that we fail to isolate the effects caused by the organizations’ purposes per se. Even if we succeed in identifying similarities and differences between the two organizations’

operationalization of purpose, we cannot be certain that our findings are solely caused by purpose. However, this is arguably a challenge for all qualitative research in general (Saunders et al., 2016), and not only a challenge related to our study in particular.

#### 4.6.2 Reliability

*Reliability* is ensured when “the operations of a study – such as the data collection procedures – can be repeated, with the same results” (Yin, 2014, p. 46). Generally, a study is reliable if another research conducts the exact same study at a later time, and arrives at the same findings and conclusions (Yin, 2014). In particular, this involves documenting the procedures followed.

Saunders et al. (2016) describes four threats to reliability: participant error, participant bias, researcher error, and researcher bias.

*Participant error* may be any factor altering the interviewee’s performance, such as conducting the interview at an inconvenient time (Saunders et al., 2016). To reduce the risk of participant error, we conducted the interviews at the interviewees’ respective office buildings in Stavanger and Oslo. Furthermore, we were flexible when scheduling times and dates to conduct the interviews at time slots convenient to the interviewees.

However, there were two interviews in which the risk of participation error appeared evident to us. The first case was an interview conducted after regular work hours at one of the two organization’s premises. The risk of conducting an interview after work hours is that the interviewee might be less reflective in their responses (Saunders et al., 2016). However, this particular interviewee seemed enthusiastic about our research, and did not appear to be affected by the timing of the interview. The second case was an interview where the interviewee had limited time to answer our questions, due to an upcoming meeting. The time available at this meeting corresponded to approximately half of our standard interview time. Thus, we did not have the time to go through our entire interview guide and had to focus on the most relevant questions. Notwithstanding this potential limitation, the results from this interview proved very fruitful despite the apparent time restrictions.

*Participant bias* may be any factor inducing a false response from the interviewee, and may reduce the quality of the research (Saunders et al., 2016). For instance, participant bias can

occur if an interviewee provides the researcher with what they believe to be “correct” answers instead of their honest opinions. Furthermore, interviewees might overemphasize the importance of purpose in their own organization. To reduce these risks in our research, we emphasized that we wanted the interviewees’ honest opinions and reflections, instead of “textbook answers”.

Another potential source of participant bias may stem from the fact that both organizations assisted us in the selection of interviewees. This may cause two problems. First, our sample of interviewees may be skewed, as each organization could potentially select employees that have been drilled in answering questions in ways that exalt their organizations. Second, there is a possibility that the organizations have a general idea of the interviewees’ identities, as the organizations assisted us in selecting interviewees. The potential risk here is that our findings are biased because the interviewees fear that their responses can be traced back to them. To reduce this threat to reliability, we comply with each participant’s right to anonymity and treat our collected data confidentially. This was explicitly stated to each interviewee prior to conducting our interviews.

Lastly, audio-recording our interviews may induce another potential source of participant bias in our research. The risk is that the interviewees moderate their responses knowing that they are being recorded. Although it is unclear whether this have biased our findings, it does not seem to be a major concern in our study.

*Researcher error* is any factor altering the researcher’s interpretation of interviewees’ responses, while *researcher bias* is any factor inducing bias in the researcher’s recording of interviewees’ responses (Saunders et al., 2016). We argue that researcher error and researcher bias is limited in our study, due to the fact that we are two researchers conducting interviews and analyzing the collected data. However, there may still be a risk of researcher error due to group thinking. Furthermore, audio-recording the interviews reduces the risk of researcher bias.

## 4.7 Research ethics

Research ethics are the standards of behavior, guiding the researcher’s conduct in relation to the rights of those who become the subject of their work, or are affected by it (Saunders et al.,



2016). Saunders et al. (2016) describes a set of ethical principles to be considered when conducting a research, in which we have used as a guideline throughout our study. Each interviewee was presented with a consent form prior to conducting the interview. This form is attached in appendix 10.3, and includes information about our research, the interviewee's voluntary participation, interviewee's right to confidentiality, and audio-recordings of the interviews. By presenting this consent form, we aimed to satisfy the ethical principles of voluntary nature of participation, informed consent, ensuring confidentiality of data and maintenance of anonymity of those taking part in the study. Furthermore, we recognize other ethical principles such as respect for others, avoidance of harm, as well as responsibility in the analysis of data and reporting of findings by acting with integrity and objectivity. Other ethical considerations of importance in our study include correct referral to all sources of information used in our research, as well as being open about potential errors in our research.

## 4.8 Summary of methodological choices

Table 3 summarizes the methodological choices in our research. The summary is based on the descriptions given throughout chapter 4.

**Table 3: Summary of methodological choices**

<b>Dimension</b>	<b>Methodological choice</b>
Research philosophy	Pragmatic
Research approach	Abductive
Research purpose	Explorative
Research method	Qualitative
Research strategy	Multiple case study
Time horizon	Cross sectional
Data collection	Semi-structured interviews
Data analysis	Thematic

## 5. Laerdal Medical AS

In chapter 5, we present a first-order analysis of our findings from Laerdal Medical. Chapter 5.1 provides an empirical background of the organization. Here, we introduce Laerdal Medical, the organization's strategy and control mechanisms. In chapter 5.2, we present the empirical findings from our data collection in Laerdal Medical. First, we present the organization's purpose statement. Second, we examine how Laerdal Medical's purpose is embedded in various MCS. In chapter 5.3 we summarize our findings.

### 5.1 Empirical background

#### 5.1.1 Introduction to Laerdal Medical

Laerdal Medical is a Norwegian producer and supplier of medical equipment and training programs in resuscitation, emergency care, and patient safety (Laerdal Medical AS, 2016a). The organization has more than 1,400 employees in 24 countries and is headquartered in Stavanger, Norway. Laerdal Medical's operations in Stavanger include manufacturing, research and development, sales in the Norwegian market, as well as management and support functions for their global operations.

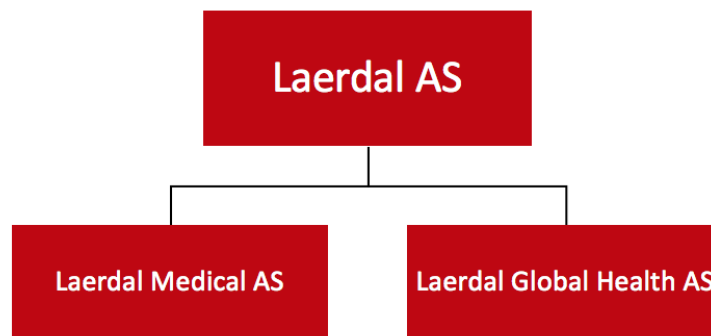
Laerdal Medical was founded by Åsmund Lærdal<sup>2</sup> in Stavanger in 1940 (Laerdal Medical AS, 2016a). The organization was initially established as a publisher of greeting cards and children's books, and later toys, such as *Tomte* plastic cars and *Anne* dolls (Tjomsland, 2015). In 1954, Åsmund Lærdal saved his son, Tore, from drowning (Tjomsland, 2015). This dramatic experience was one of the reasons why Åsmund a few years later decided to focus his efforts on *Helping save lives*. Since 1960, Laerdal Medical has utilized its expertise in plastic production to develop a broad range of products and programs for resuscitation training and emergency interventions (Laerdal Medical AS, 2016a).

Laerdal Medical is a non-listed subsidiary of Laerdal AS (Laerdal Medical AS, 2016b). The Lærdal family owns all the shares in Laerdal AS, which in turn own all the A-shares in Laerdal

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<sup>2</sup> The Lærdal family name is written with the Norwegian letter "æ", whereas the company name is written Laerdal with the letters "ae".

Medical. Thus, the Lærdal family indirectly controls Laerdal Medical. Tore Lærdal is the CEO of both Laerdal Medical and Laerdal AS. Furthermore, Laerdal Medical have a sister company named Laerdal Global Health, a not-for-profit organization established to develop high impact, low cost training and therapy products (Laerdal Medical AS, 2016a). The ownership structure between Laerdal AS and its subsidiaries is displayed in figure 2. Note that Laerdal Medical owns more than 20 subsidiaries globally – these are not included in figure 2.



**Figure 2: Laerdal AS and subsidiaries**

### 5.1.2 Laerdal Medical's strategy

Laerdal Medical's strategy is *helping save 500,000 additional lives every year by 2020 and beyond* (Laerdal Medical AS, 2016a). The organization's strategy is inextricably tied to its mission statement of *Helping save lives*. Laerdal Medical's goal of saving 500,000 lives underscores the need for the organization to focus its activities and capabilities on areas where they believe they can make the biggest impact (Laerdal Medical AS, 2016a). Laerdal Medical strongly underline the word *helping*, as its role is to support partners and users of their equipment to develop better solutions. This way, the organization contributes to *Helping save lives* by empowering others. The strategy was developed through a process of renewing Laerdal Medical's corporate strategy in 2014. This process was led by the organization's board of directors, but encompassed broad involvement from managers across the organization providing input on the specific implications the proposed strategy would have for various departments in the organization.

Laerdal Medical have linked its strategic goals to the United Nations' Sustainable Development Goal Number 3 (SDG 3), stating that 16 million lives can be saved each year by 2030 (Laerdal Medical AS, 2016a, p. 8). To be on track to reach SDG 3, five million more lives need to be saved in the 2013-2020 period. If successful, Laerdal Medical will contribute with a full 10% of the SDG 3 by 2020 (Laerdal Medical AS, 2016a).

The link between Laerdal Medical's strategy and its purpose is later discussed in chapter 5.3.3.

### 5.1.3 Regulations and MCS in Laerdal Medical

Laerdal Medical is not subject to any particular regulations or legal requirements beyond what is to be expected from similar organizations. Further, being a non-listed organization entails that the organization is not subject to the same reporting requirements listed organizations face.

In general, the MCS in Laerdal Medical varies across departments in the organization. The production department appear to be characterized by centralized management control. In particular, the use of Hoshin-planning<sup>3</sup> in the production process involves a high degree of goal-orientation, extensive focus on key performance indicators (KPIs) and attention to detail. Administrative departments, such as the sales department and corporate finance, appear to be characterized by decentralized management control and dynamic management models. Laerdal Medical recently introduced Beyond Budgeting to be more flexible in their planning processes.

Although the MCS in Laerdal Medical's production department may be characterized by goal-orientation, employees in the production department are generally encouraged to express new ideas for improvements in the production process. The organization has a value stream-oriented production process, which may be characterized by a focus on continuous improvement in quality and production flow. As such, employees are encouraged to work on improvements in their own work stations, whereas team leaders work on improvements in the flow between production lines. Furthermore, the production department do improvement-

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<sup>3</sup> *Hoshin-planning*, also known as *Hoshin kanri*, is a "strategic planning process designed to ensure that the mission, vision, goals, and annual objectives are communicated throughout an organization, and implemented by everyone from top management to the frontline level" (Business Dictionary, 2017)

workshops on a regular basis. In these workshops, they include employees that are involved in the production processes on a daily basis, as they are the ones who know the problems best.

The corporate finance department appears to be less subject to direct control than the production department. In corporate finance, employees have specific descriptions on how they should proceed on certain tasks, in order to ensure a minimum standard on quality and processes. Beyond that, employees generally have the freedom to decide for themselves. The culture in corporate finance may be described as a trial-and-error culture, with limited bureaucracy and room for decentralized decision-making. Furthermore, Laerdal Medical's dynamic management models serve as an example of how the organization is ostensibly moving towards a less detail-focused management style. The recent introduction of Beyond Budgeting serves as an example of this.

In regard to compensation, Laerdal Medical generally compensates their employees with a combination of fixed salary and bonus. The fixed salary is benchmarked to local conditions in the various departments. Laerdal Medical's bonus plans relate to the different markets and the character of the employees' roles, and constitutes a minor part of the total compensation package in the organization. It is important for Laerdal Medical to pay its employees appropriately, while at the same time ensuring that the organization's employees are there for the right reasons.

## 5.2 Empirical findings

In chapter 5.2, we present the empirical findings from our data collection in Laerdal Medical. These findings will help us answer our second research question, *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?* In chapter 5.2.1 we present Laerdal Medical's purpose statement, *Helping save lives*. Subsequently, we study how Laerdal Medical operationalizes its purpose in ways that can be categorized into four groups of MCS in chapters 5.2.2 – 5.2.5.

In chapter 5.2.2, we present our findings on how the purpose is operationalized in the organization's culture. This is conspicuous through storytelling, the use of symbols, and internal awards. In chapter 5.2.3, we discuss the operationalization of purpose in Laerdal Medical's planning. This is particularly evident in the organization's strategy and their project

assessment model, which are both directly related to the purpose. Chapter 5.2.4 studies how the purpose is operationalized in the organization's administrative controls, such as in the organizational structure and by encouraging employees to act "the Laerdal way". In chapter 5.2.5, we present how the purpose is operationalized in personnel controls, such as the organization's recruitment, onboarding process, and retention.

### 5.2.1 Laerdal Medical's purpose: Helping save lives

Laerdal Medical understands "mission" as an equivalent to purpose. This view was explicitly stated by a member of the executive management during one of the interviews we conducted:

Our mission is definitely our purpose. [...] The reason Laerdal exist is to live out our mission of *Helping Save Lives*. (Executive manager)

The idea that Laerdal Medical's mission and purpose are equivalents is also expressed in the "Laerdal values booklet". This booklet describes Laerdal Medical's corporate values. Under the heading "a meaningful purpose", there is a message signed by former CEO Tor-Morten Osmundsen and current CEO Tore Lærdal, which reads as follows:

Our daily work may be centered around materials and software and their application for medical therapy or training. But the real purpose of all we do is to make a significant contribution to improved survival: to *Helping save lives*. (Laerdal Medical AS, 2011, p. 3)

The statement *Helping save lives* does not mean that Laerdal Medical's employees themselves are responsible for saving lives directly. Rather, the organization's employees enables others to save lives through initiatives in resuscitation and emergency care. This view is emphasized in the Laerdal Report on Sustainability:

*Helping Save Lives* defines our purpose; enabling others to provide the right help at the right time (Laerdal Medical AS, 2016a, p. 6)

Based on statements from the interviews we conducted, the Laerdal value booklet, and the Laerdal Report on Sustainability, we understand *Helping save lives* as Laerdal Medical's purpose. Laerdal Medical's purpose has been articulated as *Helping save lives* since 1960. As

explained by an executive manager in the organization, the purpose was introduced following a shift in Laerdal Medical's strategic direction:

[...] The organization went from making plastic toys to full-scale plastic products for life saving. At first, the products were directed towards drowning, and then it has evolved to other challenges revolving heart failure. [...] There has always been a focus on impact to the customer, but from around 1960, our purpose became *Helping save lives*. Then the message became "we are here to contribute in making better helping tools for those who save lives". (Executive manager)

Today, *Helping save lives* is intended to guide everything Laerdal Medical does. This was emphasized by a member of Laerdal Medical's executive management:

[...] Everything we do shall have that purpose [*Helping save lives*]. (Executive manager)

The shift towards *Helping save lives* was initiated by the former CEO Åsmund Lærdal. Likewise, the newly introduced strategy was also driven by top management. An executive manager explained how the strategy for 2020 first was initiated:

My assumption is that Tore came into the room and said "I have thought of this [strategy], what do you think?". And then we had a long discussion with the board of directors and the administration – I guess we were 12-15 or 15-18 people present. (Executive manager)

I call it leadership. You must lead from the top, but not micro-manage. You must dare to lead, but also be humble when you receive signals from the people below you in the organization. (Executive manager)

### 5.2.2 Storytelling, symbols and awards make the purpose tangible

A very tangible aspect in which Laerdal Medical's purpose is operationalized is through the organization's corporate culture. We find elements such as storytelling, the use of symbols

and the “Laerdal of the Year” award are important cultural aspects of operationalizing Laerdal Medical’s purpose.

Storytelling protrudes as the most important cultural element. Storytelling is conducted in nearly every communication channel in the organization, such as in Laerdal Medical’s intranet, internal meetings and publications. This was emphasized by one of our interviewees:

We have a very nice system where we continually remind people of the core focus and mission. In morning meetings, intranet and what not – there is always an emphasis on the success stories. (Subordinate)

A member of Laerdal Medical’s executive management explained that storytelling is an important vehicle for the management in communicating each employee’s contribution to the purpose:

Working with the mission that we work with, it is important to feel that “yes, we succeed”. [...] We often share stories around here. About people that have been saved by their children who have been educated in CPR-training at school. We often receive those kinds of stories, from different countries. Examples like that show how it is, and it is a good thing that we share these [stories] in order for employees to see the direct impact. I was in Mexico with Tore Lærdal [CEO]. There, we had a Mexican doctor telling our production manager how he used our equipment, and the impact he had experienced in his work by using this equipment. So, it is important to make people feel like they do not just work on casting plastic i.e., but that what they do contributes to something that makes an impact. Therefore, we “open up” these stories, in order for people to grasp what they are part of. So that they can see that they are building cathedrals, not just moving bricks. (Executive manager)

Although storytelling is perceived as a widespread means of communication in the organization, one employee in the sales department stated that her team could be improve at sharing stories with their co-workers. The sales department spend much time out in the field with customers and partners, and see much of the direct impact Laerdal Medical’s products have on people’s lives.



[I think that] we can be better at sharing what we see during our daily work with people in the office. We are so much out in the field that we sometimes forget that other people in the office may find joy in hearing our stories.  
(Middle-manager)

Another dimension of storytelling in Laerdal Medical is the organization's emphasis on its history, which is widely communicated to support the organization's purpose. The book *Saving more lives – together* by Nina Tjomsland (2015) provides a practical example of Laerdal Medical's emphasis on conveying the organization's history. The book was written as part of Laerdal Medical's 75-year anniversary celebration, and gives a granular representation of the organization's history and the impact Laerdal Medical has on people's lives. A middle-manager explained how management used the history to emphasize the importance of Laerdal Medical's purpose at the organization's 75-year anniversary in 2015:

I think people understand that it is important to the owners, *Helping Save Lives*. There was quite a lot of focus on the history during the 75<sup>th</sup> anniversary [...].  
(Middle-manager)

The use of symbols is another important means in which Laerdal Medical operationalizes its purpose. One very tangible way in which this is done is through the organization's museum, located in their headquarters. This was highlighted by one employee who had recently visited the organization's museum as part of the Laerdal Medical's onboarding program:

We went down to the museum located on the ground floor. You know, he [Tore Lærdal] knows every detail of the company, so he explained the whole history and how we have developed as a firm. And he directed great attention to the fact that we should always carry the history in the back of our minds. And that is as an asset to the firm. The history. (Subordinate)

Laerdal Medical's purpose is visually displayed in the organization's logo, as shown in figure 3 below.



**Figure 3: Laerdal Medical's logo**

Another distinct symbol in Laerdal Medical is the manifestation of the strategy of *helping 500,000 more lives by 2020*, which is literally nailed to the wall on the company's top floor. Figure 4 shows Tore Lærdal holding a resuscitation training-product, with the organization's strategy posted on the wall in the background.



**Figure 4: Tore Laerdal with Laerdal Medical's strategy in the background**

The extensive use of cultural elements in Laerdal Medical leave no doubt as to what the company strives to achieve:

There is no doubt regarding what we do [as a company]. We are told all the time. On the intranet, in staff meetings and posters hanging around everywhere.  
(Subordinate)

Lastly, “Laerdal of the Year” is an annual award handed out to an employee who has made a special contribution to the purpose and who personifies the company values. The award serves as a practical example of how Laerdal Medical strives to continuously reinforce its purpose among the employees.

Laerdal of the Year is an award they hand out. You may ask the HR-department about this, but it is about people making a special contribution to what the company does. Above all, it is given to a person that to an extensive degree has contributed to culture building, in alignment with Laerdal’s values [...].  
(Subordinate)

Regarding the employees’ commitment to Laerdal Medical’s purpose, it seems to vary based on which departments the employees work in. In particular, employees working in the production line or in goods handling may be somewhat distanced from the purpose. One respondent with experience from different departments in the organization provided the following reflection on this matter, based on observations of his co-workers:

They do not work on computers, so they do not check the intranet at work every day. [...] They go to work, check in, work on their machines until the day is over, and then they go home. And they do not see the direct consequences of their work. [...] People often work because they need a job. When you have no education, it is somewhat random where you end up. And obviously you appreciate what you do, but you do not go home thinking “yes, now we are one step closer to saving the world”. You go home thinking about “that goddamn truck that did not show up” and things like that. (Subordinate)

When asked what was required for the employees in departments such as production or goods handling to feel like they contribute to the purpose, one respondent believed the contribution needs to be easily comprehensible:

(...) the contribution needs to be quite obvious. If you could say that that on a particular day – a Wednesday for instance – we made a pocket mask at this exact location, and now that very same mask saved a life. Then you can say “OK, YES! I can see it, I understand it.” But if your manager comes by and says “we saved 10 more lives this week”, you may think “all right, that is well and good. But let us get to work”. (Subordinate)

A middle-manager also reflected on whether employees in operational departments such as accounting feel an ownership to *Helping save lives*:

I think it has something to do with how much you have to take the words in your own mouth and talk about it. If you do not necessarily need to communicate it and talk about it [*Helping save lives*], then you might not feel the need to make up your own opinion and think about what it means to you. The more you talk about it, the more you need to get involved with it. People in accounting, for instance, do not need to talk about it as much. (Middle manager)

### 5.2.3 Purpose as a lodestar in strategy and decision-making

Laerdal Medical’s purpose is operationalized in the organization’s overall strategy. The purpose is also an important aspect in guiding decision-making processes. As discussed in chapter 5.1.2, Laerdal Medical’s strategy of *helping save 500,000 additional lives every year by 2020 and beyond* is inextricably tied to the organization’s purpose of *Helping save lives*. A member of Laerdal Medical’s executive management emphasized the link between the organization’s strategy and purpose:

The strategy is 500,000 more lives within 2020. This does not mean that we are going to save lives [directly], but to contribute with systems and providing the support which makes a result possible. In that way, mission and purpose are closely linked to the strategy. (Executive manager)

The strategy for 2020 aims to contribute towards the United Nations’ SDG 3 of saving 16 million lives each year by 2030. This is an example of how Laerdal Medical’s strategy is part

of the organization's long-range planning, with a goal of contributing with 10% of the SDG 3 target by 2020 (Laerdal Medical AS, 2016a). According to an executive manager, setting the goal of saving 500,000 lives each year is intended to raise the organization's ambitions, to focus the planning and decision-making towards making an impact, as well as enhancing the purpose recognition among the organizational members:

The first aspect is that we now need to lift our ambitions even higher. The second thing was that we wanted it [the strategy] to direct our attention even more; which projects to select, what impact it is to make. And the third aspect is the fact that it is easier to ensure real actions out in the organization. It is easier to communicate it. In relation to the third aspect – I am not sure if I initially thought about that to be honest – but it is not doubt that the feedback has been good. Because when we consider our employee surveys (EPS), the score is very high. People know our strategy and it has increased [the EPS score] compared to 2014 and previous years' scores. It [the purpose] gets more tangible. (Executive manager)

One example on how the strategy guides decision-making in Laerdal Medical is through the choice of solutions the organization decides to deliver. In 2016, Laerdal Medical conducted a customer survey. This survey suggested that many of the products customers had bought were only utilized to a limited degree. Realizing that sold, yet unused products do not contribute to *Helping save lives*, the management in Laerdal Medical asked themselves how they could increase the utilization degree of their products. The solution was a new service in the form of a leasing program. One employee explained:

They did a survey last year, and there were a great number of customers that did not utilize their products. Hospitals and different organizations have manikins worth over NOK 300,000 that are not being utilized, just lying in a closet somewhere. And they do not know how to utilize them. They simply bought the manikins because they found themselves at the end of the year with a lot of spare funds to spend. [...] Getting the customers to use what they have, that is a part of the strategy. To create a procedure which makes it easier to learn how to use it [...]. In addition, we have a lending option, a leasing program. Where we rent out manikins for a period of time. (Subordinate)

Furthermore, the strategy directs employees towards making a contribution to Laerdal Medical's purpose. A subordinate in the organization provided an example on how the strategy guides his decision-making at work:

Very often, we receive urgent orders. For instance, there might be a training course for 200 people that needs our products immediately. For a logistics department, delivering products on short notice is generally a cost-benefit consideration. It costs a lot to transport large amounts of goods if you want it to get done quickly. Normally, you would do it [transport the goods] by truck, but the alternative is to use aircraft if you want the goods to arrive before the course starts. And that costs money. Then the question is: "all right, from a financial perspective, will we get our money back?" Maybe not. But knowing that 200 people will not get that [CPR] training they otherwise would have gotten if the goods came on time, that has direct implications for our goal congruence [of saving 500,000 lives]. And thereby we will prioritize, to the degree in which it is feasible of course, to deliver these products. Making our customers happy also make the end-user happy. (Subordinate)

Employees generally feel like they contribute to the purpose. Interviewees from various departments of the organization; such as a middle-manager in corporate finance, a middle-manager in production and a subordinate in supply chain, all reported that they indirectly contribute to Laerdal Medical's purpose:

My daily tasks do not directly relate to *Helping save lives*. However, I believe that I contribute by facilitating so that the business can sustain itself. (Middle-manager)

I contribute to *Helping save lives* by delivering quality products, delivering the products on time, and by implementing the designated projects quickly. (Middle-manager)

Our [supply chain's] contribution to *Helping save lives* is to make sure that the goods are delivered to the customer. [...] Learning that someone has saved a life because of us is motivating. Especially when you are several hundred employees working towards the same goal. (Subordinate)

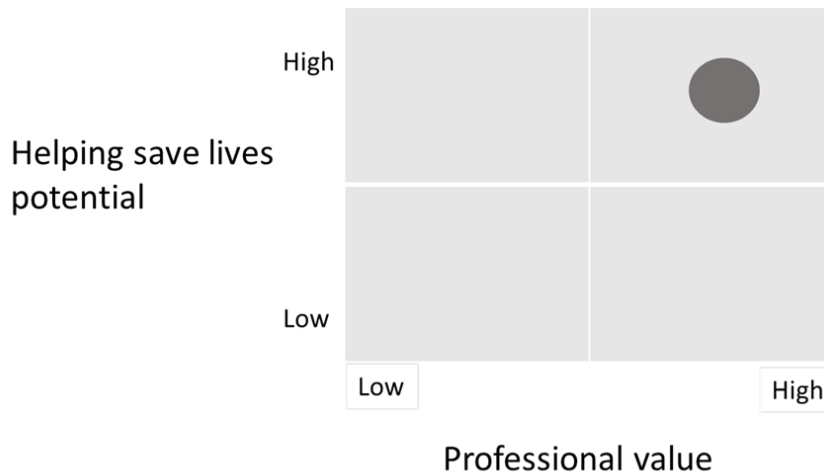
The executive management pays attention to how to employees perceive their contribution to the purpose. At the same time, they do not want to establish hypothetical links between a particular job task and the contribution to the strategy:

In many ways, if we can understand our direct contribution to those 500,000 [lives], that is the best. We try to achieve that in all units, but we are aware of not establishing hypothetical and far-fetched links, to avoid that employees find it pretentious. So, it has to be tangible. You must be able to draw to the line from our goal [of saving 500,000 more lives] directly to what you do.  
(Executive manager)

Moreover, Laerdal Medical's purpose is essential in the organization's decision-making related to project planning. A member of the executive management elucidated how the purpose in later years have been used as a guidepost for decision-making:

We have an assessment model for all projects we decide to implement. [...] we go through an assessment model to analyze the *Helping save lives*-impact of each project. An assessment of that [impact], and the commercial value this specific project will have. Absolutely all projects implemented from 2014 and onwards go through this filter. (Executive manager)

Laerdal Medical's assessment model is illustrated in figure 5. The model illustrates how the organization prioritizes between the various initiatives they consider engaging in. The Y-axis illustrates the project's *Helping save lives*-impact, whereas the X-axis illustrates the project's potential for generating professional value or revenue for the organization.



**Figure 5: Assessment model in Laerdal Medical**

For instance, the assessment model is utilized when Laerdal Medical assesses which markets to operate in. A middle-manager in the organization describes that the purpose-impact is an important reason why Laerdal Medical has put much emphasis on India:

That is why we have an incredible emphasis on India. Simply because [...] you have bigger impact. There is a lot more people dying needlessly there than in the United States for instance. That means we select which markets to enter based on where we think our solutions might contribute the most. (Middle manager)

Although there seem to be several positive aspects of tying specific goals and plans to the organization's purpose, certain challenges have emerged. For instance, the challenge of "how to measure a life saved" became evident to us when talking to various employees at different levels in Laerdal Medical:

We have a goal of *helping save 500,000 more lives each year by 2020*. But, how do you measure that? How do you measure if you helped save a life? This is problematic. (Subordinate)

Of course, it is difficult to measure if it is in fact 250,000 i.e. that have been saved [...] (Middle-manager)



Moreover, a member of the organization addressed the challenge of insufficient information sharing in relation to reaching the organization's goals:

I feel that it is hard to say how far we have come. Are we going to reach this goal [of saving 500,000 lives a year]? I think that should have been communicated more often. Because we have talked about this for a couple of years, but where are we now? Have we saved 350,000? 100,000? Is it feasible or not? In that sense, there is a lack of information. (Middle-manager)

I do not know how far we have come. Can we make it? Do we need to roll up our sleeves the last year? That has to do with our motivation. Is it feasible? Are we on track? What do you want us to do? (Middle-manager)

However, a member of the executive management pointed out that the strategy is a combination of a measure and a visionary statement. Although Laerdal Medical works closely on measuring and documenting its goal achievement, the visionary dimension is an important aspect of the strategy:

I have always seen it as a combination of a measurable target in which we will strive to achieve, and a visionary sentence articulating the impact we are going to make. That we need to make a dramatic change to have an impact of the magnitude we are talking about. [...] To us, it is important to make a significant impact. It is much more important that we define the goal and work with it, than that we can say with 100 percent certainty that we are able to save 500,000 lives. [...] It is a goal in which we work very much with measuring, but it is the visionary part of it that directs our focus internally. (Executive manager)

#### 5.2.4 Customized organizational structure and employees acting “the Laerdal way”

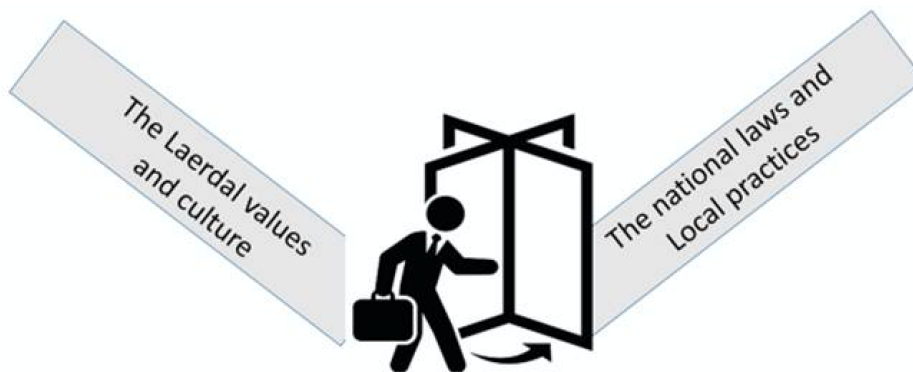
Alignment of the organizational structure is an important part of the operationalization of the purpose. A member of executive management illuminated the importance of customizing the organizational structure when reflecting on how *Helping save lives* is operationalized:

All the way down to the organizational structure and the modelling of the whole organization, we are working on finding the right structures which can fit our needs in the best way possible. (Executive manager)

An interviewee from the executive management works closely with the organization's managers on a global scale. Although our findings suggest that the decision-making processes in the organization generally can be described as decentralized, Laerdal Medical managers are always expected to follow the organization's purpose and values, "the Laerdal way". The interviewee described the organization's policies as follows:

When you represent Laerdal it is... the distinct Laerdal mission, the Laerdal DNA is guided from here. [...] If you are part of Laerdal, you do it the Laerdal-way. You cannot find your own values, your own ethics. This means that there are some areas in which we must govern more tightly in order to make things happen, and then there are other things in which you have a high degree of local autonomy. (Executive manager)

The same respondent used figure 6 below to illustrate how the national managers ideally should serve as "cultural translators" between the Laerdal culture and local practices, acting in accordance with "the Laerdal way".



**Figure 6: The country managers as cultural translators**

Figure 6 was described as follows:

In order for this [national managers serving as cultural translators] to happen, we need to recruit people with the same values, who can manage that “revolving door” and balance between what is Laerdal’s values and culture, and the national laws and practices. (Executive manager)

A member of the executive management emphasized that working in a global organization is highly motivating:

Working with different people in other countries, people from Asia and the Americas. Working in a network of people sharing the same purpose is very stimulating. I can work for hours without thinking of it as a job. (Executive manager)

### 5.2.5 Purpose in recruitment, onboarding and retention of the “right” employees

We find that organizational purpose is an integral part of personnel controls such as recruitment, onboarding and retention in Laerdal Medical.

In Laerdal Medical’s screening processes, there are generally two important factors in recruiting the right people: potential employees must be driven by the same purpose as the organization and they must be proficient at what they do. Hence, the “right” people are both purpose-driven and proficient in their work. An executive manager in Laerdal Medical explained these two criteria by presenting the organization’s assessment model as previously illustrated in figure 5.

I work a lot with values, mission and so on, as a driving force. [...] We are on the lookout for people who want to join us on this journey, people with that same purpose. [...] And we want people who are good at what they do. This means that they work efficiently, skilled engineers i.e., good team-players who can work in multi-functional teams, people that are good at their job, and that are driven by the type of behavior we are looking for. (Executive manager)

The same respondent stressed the importance of potential candidates having a motivation for working towards Laerdal Medical’s purpose:

We try as hard as we can to find out what motivates people. That is, what motivation do they really have? Do they want to join this [*Helping save lives*] – is that what motivates them? (Executive manager)

Furthermore, the company's purpose plays a central part in Laerdal Medical's onboarding process. This view was expressed by a fairly new member of the organization, who recently had been through the firm's onboarding process. Three months into his tenure, this employee was convened to a two-day event with all new employees:

After a couple of months, I was convened to an annual event for newly appointed employees. It was a two-day event, where all employees appointed within the last year got presentations with Tore Lærdal and Clive Patrickson [former CEO]. The presentation was two-sided: one part where you as an employee were to understand the company and why we do what we do, and the other part was about your role and what you are going to do. (Subordinate)

A middle-manager in the organization also highlighted how Tore Lærdal contributes in the onboarding process to ensure that all newly appointed employees understand the company's purpose and history:

We have an introduction program for newly appointed employees. Among the things that is appreciated the most is that Tore Lærdal himself dedicate time to all new employees. He explains the mission, vision and walk them through the company's history. He [Tore Lærdal] who travels that much, who is all around the place meeting clients...and still, he takes the time to meet every single one that gets employed in Laerdal. (Middle-Manager)

It is not only in the initial phases of employment that the company's purpose and values are emphasized. Rather, they are accentuated regularly in order to retain the "right" people. A middle-manager reflected on an internal seminar she attended:

It was very value-based, so when you left from there, it was almost like you felt "Oh my God, never mind if I do not get paid - I am a part of this!" (Middle-manager)

When the same middle-manager was asked why she first joined, and since have stayed in Laerdal Medical instead of working for other companies, she was adamant:

It is the purpose. That is the only reason I work here. It is definitely not the salary. [...] I got the opportunity to earn NOK 500,000 more in a different company, but no... I did not want that. (Middle-manager)

Another middle-manager reflected on how people that do not fit in a purpose-driven company might tend to leave the company:

I notice that there are some people around in the company that stay for about 2-3 years. The reason might be that they do not feel that they fit in a purpose-driven kind of management style. (Middle-manager)

### 5.3 Summary: empirical findings from Laerdal Medical

Laerdal Medical's purpose is *Helping save lives*. This purpose statement stems from around 1960, when Åsmund Lærdal decided to utilize the organization's expertise in plastic production to *Helping save lives* instead of producing plastic toys. To this day, everything Laerdal Medical does shall contribute to the organization's purpose. We find that Laerdal Medical's purpose is operationalized in several elements of the organization's MCS, such as in storytelling, the use of symbols, their overall strategy, and onboarding. Lastly, employees in Laerdal Medical generally feel like they contribute to the purpose. However, we also find that employees' contribution to the organization's purpose potentially vary based on which departments the employees work in, as well as their position in the hierarchical level. In particular, employees working in the production line or in goods handling may be somewhat distanced to the purpose. When asked what was required for the employees in departments such as production or goods handling to feel like they contribute to the purpose, one respondent believed the contribution need to be easily comprehensible.

## 6. Storebrand ASA

In chapter 6, we present a first-order analysis of empirical data collected during our research on Storebrand. In chapter 6.1, we provide an empirical background of the organization. Here, we introduce Storebrand, the organization's strategy and control mechanisms. In chapter 6.2, we present the empirical findings from the interviews. First, we study the organization's purpose statement. Second, we examine how its purpose is operationalized in the organization's MCS. In chapter 6.3, we summarize our findings.

### 6.1 Empirical background

#### 6.1.1 Introduction to Storebrand

Storebrand ASA is a Norwegian financial institution offering products within insurance, asset management and banking to companies, public sector entities and private individuals (Storebrand ASA, 2016). The organization is headquartered in Oslo, Norway, with main operations in Norway and Sweden. Storebrand is publicly listed at OSEBX. The most prominent shareholders consist of international investment banks and Folketrygdfondet – the operational manager of the Government Pension Fund Norway (Storebrand ASA, 2016).

Storebrand was first established as a fire insurance company in 1767 (Storebrand ASA, 2016). The organization has been through several changes over the course of its 250-year history. Today, the organization's operations are divided into the segments savings, insurance, and guaranteed pension. Storebrand defines occupational pension as its core product. The Storebrand group had 1,745 employees at the end of 2016 (Storebrand ASA, 2016).

Storebrand have direct ownership of four subsidiaries: Storebrand Livsforsikring AS, Storebrand Asset Management AS, Storebrand Bank ASA, and Storebrand Forsikring AS (Storebrand ASA, 2016). The ownership structure between Storebrand and its subsidiaries is presented in figure 7.



**Figure 7: Storebrand ASA and subsidiaries**

### 6.1.2 Storebrand's strategy

Storebrand's strategy is to be the best provider of savings for pensions (Storebrand ASA, 2016). The strategy involves offering sustainable solutions to its customers. In 2016, 40,000 corporations and 1.2 million individuals had a customer relationship with Storebrand. The organization aims at supplying sustainable solutions adapted to the customers' individual situation, so that each person receives a better pension (Storebrand ASA, 2016).

Storebrand's strategy is embedded in the organization's "Our driving force" framework, hereafter referred to as the ODF framework<sup>4</sup>. The ODF framework represents a policy for how Storebrand will deliver results to its customers and owners (Storebrand ASA, 2016). As shown in figure 8, the ODF framework consists of four elements: *purpose*, *how*, *what*, and *vision*.

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<sup>4</sup> The ODF framework is our abbreviation for Storebrand's "Our driving force" framework



**Figure 8: Storebrand's ODF framework**

Storebrand's *purpose* is articulated as *A future to look forward to* (Storebrand ASA, 2016). This purpose statement will be further discussed in chapter 6.2. Storebrand's *what* describes the core element of Storebrand's business strategy; providing "better pensions – simply and sustainably". Storebrand's *how* describes how the organization's purpose may be achieved; by encouraging employees to behave as "courageous pathfinders". Storebrand's *vision* is articulated as "our customers recommend us". This involves putting the customer first in everything the organization does.

### 6.1.3 Regulations and MCS in Storebrand

Storebrand faces legal regulations from policy makers in both Norway and Europe (Storebrand ASA, 2016). The European Solvency II regulations for insurance companies and the Norwegian financial tax regulations for the finance sector are two examples of regulations Storebrand must adhere to.

Storebrand makes extensive use of various MCS. Storebrand's financial and operational goals are defined annually in a board-approved business plan (Storebrand ASA, 2016). The business plan builds on separate decisions on risk strategy and investment strategies, and includes three-year financial forecasts, budgets and action plans. The organization's monitoring tool is called the Storebrand Compass, providing comprehensive reports for management and the board concerning financial and operational targets. In addition, the board of directors receive risk



reports from the risk management function, which monitors the development of key figures for risk and solidity.

Storebrand's results on its defined goals are reported monthly and quarterly (Storebrand ASA, 2016). These reports review results by business area and product area, which are analyzed and assessed against budgets. Furthermore, employees in Storebrand are subject to a plethora of KPIs in which their performance is measured. The organization make use of project management tools, steering committees, management groups and detailed budgets. Nevertheless, the organization is working on simplifying the scope of its management control. One example of this is seen through a move from yearly plans to the use of rolling forecasts. The financial industry is subject to constant changes, and there is consequently a need for more agile management control in financial institutions (World Economic Forum, 2015). The modifications in Storebrand's MCS appear to be partly driven by an effort to adapt to this new landscape.

Storebrand's compensation model mainly consist of fixed salaries (Storebrand ASA, 2016). However, there are two deviations from the fixed salary policy. First, executive managers in the organization are obligated to purchase shares in Storebrand. Second, other personnel than executives may receive a discretionary bonus of 5 to 15 percent of their fixed salary. The compensation model is designed to substantiate Storebrand's strategy. In the annual report for 2016, Storebrand offers a thorough description on the remuneration of executive personnel:

Storebrand shall have an incentive model that supports the Group's strategy, with emphasis on the customer's interests and long-term perspective, an ambitious model of cooperation, as well as transparency that enhances Storebrand's reputation. Storebrand will therefore largely emphasize fixed salaries as an instrument of financial compensation, and make use of variable remuneration only to a limited extent. The Group's executive personnel, as defined in detail in the regulatory framework, receive only a fixed salary. The Group's executive management team use a percentage of their fixed salaries to purchase shares in Storebrand with a lock-in period of three years. This is to clarify that Storebrand's top management act in accordance with the long-term interests of the owners. (Storebrand ASA, 2016, p. 48)

Furthermore, guiding statements serve as an important part of Storebrand's corporate culture. In 2012, Storebrand launched its vision, *our customers recommend us*, together with six customer promises and core values. In 2016, Storebrand launched the ODF framework with a new set of guiding statements. The existing vision was also incorporated in the ODF framework. This framework has replaced the organization's customer promises and core values.

Although the various cultural elements in Storebrand have changed over the years, a focus on sustainability seem to be well established at the core of Storebrand's activities. The organization intend to "supply sustainable solutions adapted to the customers' individual situation through market and customer concepts, so that each person receives a better pension" (Storebrand ASA, 2016, p. 4).

## 6.2 Empirical findings

In chapter 6.2, we present the empirical findings from our data collection in Storebrand. These findings will help us answer our second research question, *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?*

The chapter is structured as follows. In chapter 6.2.1, we present Storebrand's purpose statement, *A future to look forward to*. Subsequently, we study how Storebrand operationalizes its purpose in ways that can be categorized into four groups of MCS. In chapter 6.2.2, we present how the purpose is operationalized in the organization's cultural controls. This is evident through their mobile application, the use of symbols, and internal awards. Chapter 6.2.3 studies how the purpose is operationalized in Storebrand's planning, in particular by serving as a lodestar for employees. In chapter 6.2.4, we discuss how the purpose is operationalized in Storebrand's administrative controls; such as by having a simplified organizational structure and by encouraging employees to act as courageous pathfinders. In chapter 6.2.5, we present how the purpose is operationalized in personnel controls, as in recruitment and training.

### 6.2.1 Storebrand's purpose: A future to look forward to

Storebrand's purpose is articulated as *A future to look forward to* (Storebrand ASA, 2016, p. 9). As described in the organization's annual report, Storebrand's purpose entails long-term thinking, customer orientation and sustainability:

Storebrand's objective is to provide our customers with a secure and sustainable future with the financial freedom to be able to experience everything that you want to experience. We shall ensure that our customers have a future they can look forward to. We are going to do this by thinking long-term, putting the needs of customers first and integrating sustainability into everything we do. (Storebrand ASA, 2016, p. 9)

Storebrand initiated the process of articulating its purpose in 2016. The articulation process was led by an executive manager, who was given the mandate to formulate a set of expressions in which Storebrand's employees could relate to.

A company can have values, customer promises, and a bunch of words and expressions to live by. And we had those as well. But people did not remember them. And so, top management told me: "Fix it. Find those words and expressions that will characterize Storebrand, that express what we are going to be". (Executive manager)

The executive manager decided to solve this task by articulating a purpose statement for the organization, motivated by the view that purpose-driven organizations are more profitable and have more satisfied employees than other organizations. However, the executive manager was also clear that Storebrand's purpose goes beyond making profits:

Being a purpose-driven company gives you a competitive edge in the business and the societies in which you operate. And research shows that purpose-driven companies are more profitable. They have more satisfied employees because they work in a company that believes in something. [...] Purpose is what the company does beyond making profits. (Executive manager)

Storebrand engaged a consultancy firm to facilitate the articulation process. The same executive manager underlined that articulating Storebrand's purpose was something the organization needed to solve on its own. The consultants merely facilitated the articulation process. Every Storebrand employee had the opportunity to suggest purpose statements for the organization. The executive manager stressed the importance of following a bottom-up process when articulating a purpose statement:

We worked together with a facilitation company to secure objectivity in the process, but we quickly realized that this was something we had to do on our own. [...] We held workshops in which the whole company was invited to join. [...] Top management had no more influence than other employees, it was a bottom-up process in every aspect. [...] I would never proceed with a top-down process if I were to do this again. (Executive manager)

At most, there were 554 suggestions for purpose statements during the articulation process. Through workshops involving approximately 130 employees, the proposed purpose statements were narrowed down to two alternative propositions: *A valuable future for generations* and *A future to look forward to*. Ultimately, the top management were to select their preferred purpose statement, and ended up with *A future to look forward to*. The executive manager was satisfied with the outcome:

*A future to look forward to* is very optimistic, it shows faith in what the future brings. And it has a lot to do with sustainability. If you are to look forward to the future... you have to start today, you need to think about which insurances to make, take up loans that ensure a well-functioning private economy, you need to start saving today. Because the future you get depends on the choices you make today. Also in terms of sustainability, making sustainable choices so that the world you encounter in 10, 15, or 50 years is a world you would like to live in. [...] The alternative purpose statement, *A valuable future for generations*... it is what you would expect, it is more conservative. There is nothing wrong with that, but if you are to end up with something you are passionate about and that separates you from the rest of the industry, you need to differentiate yourself. (Executive manager)

According to the same executive manager, having an articulated purpose statement is not enough. It is equally important to find out how the organization can leverage the purpose:

Having a purpose statement is not enough. You need to say something about how you will deliver on it, how you will behave, and so on. [...] We already had the vision, and then we started talking about what else we would need to leverage the purpose. We then started talking about how we will achieve our purpose, and what we are going to deliver. (Executive manager)

In terms of employees' commitment, one interviewee was unsure whether all employees throughout organization share the same degree of commitment to the work on purpose:

I think it varies a lot. I think those that have been involved in the process and who have been part of these workshops familiarize themselves with it. But for regular employees I think many would say that "oh well, now it is this thing, in a couple of years it will be something new". (Middle-manager)

Furthermore, the same interviewee implied that employees in higher hierarchical levels are more engaged by the purpose than employees at lower levels:

People on top of the organization working with strategies will probably understand more of the importance of it. For them, purpose is something they are supposed to deliver on. They are the ones working on it, engaging in it, reading up on it and knows that science say that this is important. I think it becomes less and less important for people that are concerned with other things in their work, that are to deliver on other things. (Middle-manager)

### 6.2.2 The mobile application and the ODF framework support the purpose

Storebrand operationalizes its purpose through the use of storytelling, symbols and awards. Storebrand has developed a mobile application dedicated to educating its employees in the organization's purpose. In this mobile application, employees engage in the purpose by watching videos that tell stories of a desired future state for the organization, conducting tasks and by commenting and discussing what *A future to look forward to* means to them. These

activities generate points that employees can collect. One of the interviewees described the mobile application as follows:

There is a Storebrand app with different activities. A kind of an infotainment thing, with animated characters, you can do tasks, chat with other employees, and different activities where you collect points. To create engagement around it [the purpose]. And combined with this, we have team activities where we are setting up buildings in cardboard plates. We have not done it yet, but it is supposed to fill the elements in the ODF framework with content. (Middle-manager)

A member of the executive management described how the launching of the mobile application initially created enthusiasm and engagement among some employees:

At 8 am the first day it was launched, 100 employees had already logged into the app and conducted different tasks. So, it created much enthusiasm. (Executive manager)

As previously addressed, Storebrand's purpose is incorporated in the organization's ODF framework. This framework is a very tangible symbol of Storebrand's purpose, and may be seen as a cultural expression.

The ODF framework is visualized everywhere. It is a cultural expression that gets used frequently. They brand it a lot. It is on the agenda on a number of meetings, you hear about it repetitively. [...] And the core values we used to have, we don't see them around anymore. Now we see the ODF framework. (Middle-manager)

It is very visible in the office. The purpose is posted on the walls in the office building. (Subordinate)

When asked whether the ODF framework has the potential to create commitment among employees in the organization, one middle-manager was very clear:

Yes, absolutely. It [the ODF framework] is identity-building. (Middle-manager)

A middle-manager referred to the operationalization of purpose as making purpose part of Storebrand's "DNA". She underlined that this is a laborious process:

I think it is important that we make it [*A future to look forward to*] part of our DNA, that we talk about it a lot. We can't just pick it up from the drawer once every six months. But incorporating it as part of our spinal cord, and ensuring that employees have positive feelings about it. [...] Purpose can potentially become a cliché, something they just say. I think we need time to incorporate it in our spine, make it part of our DNA. (Middle-manager)

Furthermore, Storebrand has introduced the "Courageous Pathfinder award", which is handed annually to role-model employees. The idea behind the award is to create engagement around the elements in the ODF framework. This way, the award serves as a tangible example of how Storebrand's purpose is embedded in the organization. A middle-manager in the organization described the award as follows:

Previously we had the "Årets Spellemann" award which was handed out on the Storebrand day. [...] Now we have introduced the Courageous Pathfinder award instead, to create engagement around it [the ODF framework]. I have no idea whether it has worked in creating the desired engagement. (Middle-manager)

Addressing potential issues with operationalizing purpose in the corporate culture, one of the interviewees emphasized that cultural elements are difficult to implement. She maintained that management must be patient in order for the purpose to become a natural part of the organization:

I think these cultural elements take very long to implement. Posting it on the wall and talking about it does not make it an integrated part of us. And I think it will take a long time. I think we can achieve it. But at the time being, for most employees, I think it is merely a statement. And then we gradually fill it with content, and it will eventually become us. If we are true to it, and if it relates to who we really are. But if it does not relate our self-image, it will never become part of our culture. [...] My concern is that we don't have time to wait for it to become part of us, because that process may take years. (Middle-manager)

Furthermore, the same middle-manager reflected on whether the purpose may be changed to the benefit of other cultural expressions in the future:

I think many people relate to the purpose in a pragmatic way, thinking: “right... this is instead of the vision we used to have, we used to have some core values. And this changes, based on what is “in” at a given time”. (Middle-manager)

However, the same interviewee personally felt like a contributor to helping Storebrand achieve their purpose:

As part of a huge machinery I would say that I contribute in the right direction. It is hard to relate it [purpose] to every specific task I perform at my job. But all in all [...] I contribute to achieving our purpose. (Middle-manager)

A subordinate emphasized the potential benefits of utilizing internal “motivators” to communicate the purpose across the organization. He suggested that such motivators potentially can play an important role in creating engagement around Storebrand’s purpose:

I believe in identifying motivators around in the organization. Not only leaders, but all the way down to customer service and so on. Having someone who speaks warmly about the organization’s work on purpose; representatives that can vouch for these things. [...] It may be hard for top management to identify these motivators, but leaders on various levels may be able to identify people in their own departments. Finding one or two persons that have great potential in Storebrand, who have a desire. Giving them assignments to communicate the purpose, ensuring that they have the knowledge to answer questions, to remove uncertainty. (Subordinate)

### 6.2.3 Purpose as a lodestar and flexible planning

Storebrand’s purpose may function as a lodestar and influence the organization’s planning processes. An executive manager described how purpose ideally is intended to influence Storebrand’s planning processes, and guides employees in both operational and strategic matters:



Ideally, purpose is something that guide us in operative and strategic matters. [...] With *A future to look forward to* you think more long-term, you think in a positive manner instead of protecting yourself against something negative you fear might happen. If one is to create *A future to look forward to*, you need to plan better, take action, and that also generates value here and now. (Executive manager)

The general idea is that purpose should guide action planning and decision-making in Storebrand. This is especially important in the fast-paced business environment that the organization operates in:

Being purpose-driven leads to a more agile organization. When the world you operate in is subject to constant changes, you may need a clear vision and rolling plans that you adjust frequently. You know at an earlier stage what you are going to achieve, but you can adjust your plans. Before, there were more plans that you did not adjust, we had yearly plans or three-year plans. But when you have a vision that is clear and that you work with, then you respond to short-term needs. (Executive manager)

We use “must-win battles” in our planning. Previously we have had detailed action plans, regulations, guidelines... And people did not remember them. So, purpose and the introduction of must-win battles instead of extensive action plans help us prioritize and manage more clearly. Fewer KPIs, shorter action plans. Our employees are smart; we are a knowledge company. A clear vision that provides a clear direction. (Executive manager)

One of Storebrand’s employees related purpose to the corporate strategy of being the best provider of savings for pensions:

*A future to look forward to* is first and foremost about pensions. That our customers have financial security, so that they can look forward to the future. (Middle-manager)

Another middle-manager reflected on how purpose can be linked to the products and services Storebrand provides:

Health insurance is when we ensure the customer treatment in the private sector, so that they do not have to wait in line for treatment in the public healthcare system. [...]. And maybe this is something the customers can look forward to, getting treatment fast if something should happen to them. (Middle-manager)

What I think is really cool, is that we are trying to embed sustainability in more and more of our products. We focus on product development. For instance, if you crashed your car and need a substitute, then you get an electric car. Initiatives like that. We offer “green” house insurances where you can get an ENOVA-test to find out how you can make your house more energy efficient. And I think those type of things [products] are good examples of how we are not only talking about these things [purpose], but also embed it [purpose] in our products. (Middle-manager)

#### 6.2.4 Simplified organizational structures and employees as courageous pathfinders

Storebrand’s purpose appears to be an important part of the organization’s administrative controls. The organization is currently going through a change process of simplifying the organizational structure, including a focus on less bureaucracy. One executive manager explained that even though KPIs still play a significant role in Storebrand, the purpose brings a shift in attention towards the core issues in the organization:

I have KPIs from here to eternity. But then I have some tasks on top of that, that involves working with... the “heart” of the organization. And these tasks are more fun, more exciting and more motivating. I spend very much time on work, but it is motivating. And I see it in my co-workers as well, they get an extra boost. It [the purpose] brings together the organization towards the same direction. [...] I find that talking about purpose gives me much motivation. And I think this will be amplified when we fill it with content. But I notice that people already use it all the time, to a varying degree of course. (Executive manager)

Another executive manager argued that purpose is an important part of the change process, drawing attention to how it affects the bureaucratic structures:

It [purpose] is an important part of a change process we are currently in. Where you go from being bureaucratic and rule-based to giving people more empowerment, authorities and responsibilities, less hierarchies... a more agile organization. (Executive manager)

Furthermore, purpose influences policies and procedures in Storebrand, as expressed by the same executive manager:

Questions such as “are we courageous pathfinders now?” and “do we challenge the established procedures to build *A future to look forward to?*” give you very much guidance. (Executive manager)

As a part of the annual performance appraisals in Storebrand, how the employees act as “courageous pathfinders” has recently been included as part of the annual performance appraisals in Storebrand.

We have annual performance appraisals. And this year we discuss how the employees act as courageous pathfinders. (Middle-manager)

However, using purpose as guidance for decision-making appear to have been problematic in certain cases. In order for Storebrand to reach its purpose, employees are encouraged to act as “courageous pathfinders”, as articulated by the *how* statement in the ODF framework. Nevertheless, there are no explicit guidelines describing what it means to be a courageous pathfinder.

Several of our interviewees referred to one specific example of this potential issue. Late 2016, there was a situation in which Storebrand tested the demand for a novel Islam-friendly product. The idea was to offer halal-loans with no interest rate, as interest rates are prohibited in Islam. Such loans must be constructed in such a manner that interest rates are avoided, which is an established practice in several countries. However, the current regulations in Norway make it impossible for customers to receive interest rate deductions on their tax returns on halal-loans. Storebrand’s halal-loan pilot caught Norwegian medias’ attention, which in turn spurred some debate on whether the government should alter its regulations on religious terms (NTB/TV2,

2017). Storebrand consequently gained some attention due to this incident, although they never actually launched the product. As explained by a middle-manager in the organization, this situation led to an internal discussion on what it means to be a courageous pathfinder in Storebrand:

This led to a discussion in Storebrand. The people who had launched the idea; were they courageous pathfinders or not? So, there was a discussion, and people had different views. Eventually the CEO decided that this initiative is an example of what it means to be a courageous pathfinder. (Middle-manager)

### 6.2.5 Purpose in recruitment and a mobile application for onboarding and training

A middle-manager with recruiting responsibilities described the desired candidates in Storebrand as generous, genuinely interested in others and concerned with creating a better world:

In customer service, we need employees who care about other people, that want to talk to other people. It is very important. Being generous and genuinely interested in other people fits in with the ODF framework very well. [...] I do not think we necessarily can say that it [the ODF framework] is at the core of our recruitment... But the people we recruit, the people we want to bring with us in the future, are people who are concerned with creating a better world for others. Helping others. And that corresponds very well with *A future to look forward to*. (Middle-manager)

An executive manager explained how the HR department contributes to Storebrand's purpose by emphasizing the organization's purpose in recruitment:

HR contributes to building competence, so that other employees can do their job in the best way possible. Initiatives that motivate and ensure that we have good customer advisors, recruit the right people. And we try to relate this [*A future to look forward to*] to those kinds of tasks. (Executive manager)

Furthermore, a subordinate with much experience from working with Storebrand's onboarding program, emphasized that the mobile application is included in the program:

We have an onboarding-checklist for the whole group, one for managers and one for other employees. The checklist is adapted as we go, based on our experiences on what works and what does not work. [...] Downloading Storebrand's mobile application for engaging in purpose is one of the elements in the onboarding-checklist. (Subordinate)

The mobile application is also used in the general training of Storebrand employees. An executive manager underlined that the application can contribute to enhancing employees' understanding of Storebrand's purpose and how it can be used in their jobs:

Ideally, the purpose should be able to guide us every day. In operative and strategic decisions. That is why we are working on an "app", so that you can relate it to your work life, but also gather ideas from the whole organization about everything Storebrand does when it comes to building *A future to look forward to*; making savings and pensions easy and sustainable. (Executive manager)

One employee indicated that Storebrand's purpose may not necessarily be the main reason people apply for jobs in the organization. However, it can potentially have the ability to retain employees from leaving the organization.

I came from a big bank, so I did not really think much about how my values corresponded with Storebrand's, other than that I felt at home in the industry and that it correlated quite well with how I like my life to be. No more than that. And I needed a job. [...] But I do not think you will stay long in the company if there is a big difference. So, staying in the company probably means that there is a good match. (Middle-manager)

### 6.3 Summary: empirical findings from Storebrand

Storebrand's purpose is *A future to look forward to*. The process of articulating Storebrand's purpose statement was initiated in 2016. Everything Storebrand do shall contribute to creating

*A future to look forward to.* The purpose is operationalized in Storebrand's cultural elements, planning processes, in the organizational structures, as well as in recruitment and onboarding. Furthermore, our findings suggest that employees working directly with Storebrand's purpose, such as executive managers with purpose-related tasks, are motivated by Storebrand's purpose and feel like contributors to reaching the purpose. The degree to which employees at lower hierarchical levels are committed to the purpose remains uncertain.

In Chapter 7, we conduct a comparative analysis of the empirical findings from Laerdal Medical and Storebrand. Our findings are summarized in table 4 below.

## 7. Discussion

In this thesis, we seek to answer two research questions. The literature review in chapter 2 provided an answer to our first research question, *what is organizational purpose?* In chapter 7, we conduct a second-order analysis of our empirical findings to answer our second research question, *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?*

We answer the second research question by conducting a comparative analysis of Laerdal Medical and Storebrand. The organizations should be well-suited to demonstrate a width in how purpose may be operationalized. Although both organizations can be characterized as purpose-driven, they differ along three axes: industry classification, ownership structure, and a time discrepancy as to when the two organizations first articulated their purpose.

The operationalization of purpose often transpires in two steps: articulation and operationalization (EY Beacon Institute & Forbes Insights, 2016; Deloitte, 2016). Chapter 7 is structured around these two steps. Chapter 7.1 provides a comparative analysis of the articulation of Laerdal Medical's and Storebrand's purpose statements. In chapter 7.2, we conduct a comparative analysis of how purpose is operationalized in the MCS of Laerdal Medical and Storebrand, and the potential implications for employees.

Table 4 on the next page summarizes our empirical findings from the first-order analysis. Furthermore, it serves as a basis for our comparative second-order analysis of Laerdal Medical and Storebrand. The first row in the table covers the organizations' purpose statements. The remaining rows cover the operationalization of purpose in the MCS. With the exception of "articulation process", the categories in bold are inspired by Malmi & Brown's (2008) framework. The sub-categories such as "storytelling", "symbols", and "awards" are more empirically inspired. Elements labeled "N/A" implies that we did not find indications of purpose being operationalized in that particular MCS. This does not necessarily mean that purpose is *not* operationalized in this MCS, but rather that we did not find indications to conclude that purpose is operationalized there.

**Table 4: Summary of findings in Laerdal Medical and Storebrand**

	<b>Laerdal Medical</b>	<b>Storebrand</b>
<b>Articulation</b>		
Purpose statement	<i>Helping save lives</i>	<i>A future to look forward to</i>
Employee involvement	“Narrow”	“Broad”
<b>Cultural controls</b>		
Storytelling	Intranet, meetings, publications	Mobile application
Symbols	Company museum, logo	The ODF framework
Awards	Laerdal of the Year award	Courageous Pathfinder award
<b>Planning controls</b>		
Guiding principles	Purpose as a lodestar	Purpose as a lodestar
Strategies & plans	Strategy for 2020, Assessment model	Being the best provider of pensions
<b>Administrative controls</b>		
Organizational structure	Customization	Simplification
Policies & Procedures	Acting the “Laerdal Way”	Courageous pathfinders
<b>Personnel controls</b>		
Recruitment	Recruiting the “right” people	Recruiting the “right” people
Onboarding & training	CEO involvement	Mobile application
Retaining employees	Retaining the “right” employees	N/A
<b>Cybernetic controls</b>	N/A	N/A
<b>Rewards and compensation</b>	N/A	N/A



## 7.1 How Laerdal Medical and Storebrand articulate their purposes

Articulating a clear purpose statement is the first step in becoming a purpose-driven organization (EY Beacon Institute & Forbes Insights, 2016, Deloitte 2016). In chapter 7.1, we analyze two facets of the organization's purpose statements: the pro-social elements and employees' involvement in the articulation process.

Both Laerdal Medical and Storebrand have explicitly articulated purpose statements. Laerdal Medical's purpose is articulated as *Helping save lives*, while Storebrand's purpose is articulated as *A future to look forward to*. Laerdal Medical's purpose statement carry clear pro-social elements, focusing on the organization's contribution to society at large.

Although Storebrand's purpose statement is clearly and eloquently articulated, it does not have the same explicit pro-social elements as Laerdal Medical's purpose. Storebrand's employees are often able to assert a link between *A future to look forward to* and benefit to society. However, this link is not as explicitly stated as in Laerdal Medical. An explanation as to why we find more pro-social connotations in Laerdal Medical's purpose statement than in Storebrand's purpose statement, may be that the pro-social elements Laerdal Medical's daily operations are more salient than what is the case in Storebrand. Hence, articulating a clear and genuine pro-social purpose statement is arguably easier in Laerdal Medical than in Storebrand.

Birkinshaw et al. (2014) argues that pro-social purposes are more salient and meaningful to employees, as it provides a direct link between the organization's goals and employees' pro-social orientation. The authors state that employees are more inclined to be committed to the organization's goals if the purpose is pro-social. Consequently, one could expect Laerdal Medical's employees to have a stronger organizational commitment than Storebrand's employees. However, the fact that Laerdal Medical has had its purpose longer than Storebrand may also provide a plausible explanation to these findings.

In terms of the *articulation process*, we have not found exactly how Laerdal Medical's purpose statement came to be. However, based on secondary sources describing the organization's history, the purpose statement appears to have been implemented by Åsmund Lærdal around Laerdal Medical's shift towards producing medical equipment in 1960. Storebrand on the other hand, deliberately chose a bottom-up process when articulating their purpose. Although

this process was led by top-management, each employee in the organization was encouraged to contribute in articulating Storebrand's purpose statement.

Grounded on the findings from the collected data, our notion is that the top-down process in Laerdal Medical has resulted in what we characterize as "narrow" involvement of employees in the articulation process. Although Laerdal Medical's articulation process may be characterized as "narrow", it appears that a wide range of employees have a sense of commitment to the purpose. Storebrand's bottom-up process may be characterized as "broad" in terms of employee involvement in the articulation process. In Storebrand, employees seem to be divided in their sense of commitment to the purpose. Certain interviewees seem to have the impression that employees who did not participate in the articulation process potentially lack a sense of commitment to the purpose. It may seem counterintuitive that a "narrow" involvement process should lead to "wide" commitment, as in Laerdal Medical, whereas a "broad" involvement in the process should lead to "divided" commitment, as in Storebrand. However, this may be explained by the significant discrepancy in time as purpose-driven organizations. Laerdal Medical has had more than half a century to create commitment, while Storebrand has only had approximately a year. Further, the fact that Laerdal Medical's purpose statement is closely linked to their daily operations whereas Storebrand's purpose statement is not, may also explain why Laerdal Medical's employees seem more committed to the purpose.

Meyer et al. (as cited in Abbot, White & Charles, 2005) argue that organizational commitment is a predictor of increased work performance, employee satisfaction, and reduced turnover. Based on the premise that organizational commitment is related to an organization's purpose, one could expect better work performance, higher employee satisfaction and lower turnover in Laerdal Medical than in Storebrand.

## 7.2 Operationalization of purpose in Laerdal Medical and Storebrand

In addition to articulating a purpose statement, organizations must operationalize purpose in their MCS in order to be purpose-driven (EY Beacon Institute & Forbes Insights, 2016, Deloitte, 2016). This form the basis for our second research question, *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for*

*employees?* In answering this question, we draw on Malmi & Brown's (2008) MCS framework, conduct a comparative analysis of the operationalization of purpose, and discuss possible implications for employees.

In chapter 7.2.1 – 7.2.4, we present and analyze the MCS in which we found purpose to be operationalized; namely cultural, planning, administrative and personnel controls. In chapter 7.2.5 we discuss the two MCS in which neither of the two organizations were found to operationalize their purpose; the cybernetic controls and the compensation models.

### 7.2.1 Cultural controls

In chapter 7.2.1, we study how Laerdal Medical and Storebrand operationalize their purpose through cultural controls to control employee behavior. We find conspicuous similarities on how the two organizations operationalize purpose in cultural control systems. Both Laerdal Medical and Storebrand make use of storytelling, symbols, and hand out annual awards to remarkable employees.

*Storytelling* is arguably the most evident way in which purpose is operationalized in the two organizations' MCS. Storytelling serves as a way of exemplifying to employees what they are working towards on an everyday basis, making the purpose tangible to employees. In Laerdal Medical, storytelling is generally conducted through intranet, internal meetings, and the organization's own publications. In Storebrand, storytelling is particularly apparent in the organization's mobile application. By watching infotainment videos, employees are told stories about how Storebrand potentially can to create *A future to look forward to*.

The storytelling in Laerdal Medical is retrospective, as the stories represent factual, past events where Laerdal Medical in some way can be accredited for helping save a life. The storytelling in Storebrand may be characterized as forward-looking, describing desired scenarios for where Storebrand shall be in the future. Our findings suggest that purpose is perceived as more tangible to employees in Laerdal Medical than in Storebrand. This might be explained by the fact that in Laerdal Medical, numerous stories make it evident what *Helping save lives* looks like. An executive manager in Laerdal Medical affirmed that storytelling is used to make employees better understand *why* they work in the organization, so that employees can see that they are "building cathedrals", not just "moving bricks". An executive manager in Storebrand

revealed that based on user data from the mobile application, the activities and storytelling in the application have spurred enthusiasm around the organization's purpose.

Collins & Porras (1991) argue that storytelling is essential to make purpose tangible to an organization's employees. Collins & Porras (1991) use "picture painting" as a metaphor for storytelling in organizations. They argue that if an organization demonstrates in vivid detail what the purpose looks like in practice, "picture painting" should release passion and generate commitment among employees. It appears that storytelling has this "picture painting" function in both Laerdal Medical and Storebrand. For instance, Laerdal Medical allow users of their equipment to tell stories to employees about how the equipment are contributing to *Helping save more lives*. In Storebrand, on the other hand, the stories appear to be more abstract; *A future to look forward to* does not have an equally tangible expression as *Helping save lives*. Thus, storytelling could have a higher potential for releasing passion and generating commitment among employees in Laerdal Medical than in Storebrand. This is important, as research has shown that organizational commitment spur employee motivation. Meyer, Becker & Vandenberghe (2004) argue that "commitment is one among a set of energizing forces that contributes to motivated (intentional) behavior" (p. 994). Hence, we should expect to find that Laerdal Medical's purpose motivates employees to a greater extent than Storebrand's purpose, through increased commitment from factual and tangible storytelling. However, it should be noted that due to the time discrepancy as clearly purpose-driven organizations, it is natural that Laerdal Medical has a number of concrete stories related to its purpose of *Helping save lives*, while Storebrand has had significantly less time to generate concrete stories related to its purpose of creating *A future to look forward to*.

Furthermore, both organizations operationalize purpose through the use of *symbols*. In Laerdal Medical, the company museum and the organization's logo are two excellent examples of this. Employees in Laerdal Medical report that they see the purpose in symbols everywhere, such as in the company logo and on posters around the office building. In Storebrand, the ODF framework serves as a tangible symbol of the organization's purpose. Storebrand employees describe that the ODF framework is evident all over the Oslo headquarters. Posters, roll-ups, stickers, and even the mobile application brand the ODF framework to all Storebrand employees. Thus, symbols seem to serve as instruments for drawing employees' attention towards the purpose, making it tangible for employees in the organization.

In Laerdal Medical, we find that the purpose appears genuine among the organization's employees. In Storebrand however, some employees call for a need to fill the purpose with more content – making it more than merely a “symbol on the wall”. The differences between the two organizations might be explained by the fact that Laerdal Medical have had attention to *Helping save lives* since the 1960's, but Storebrand introduced *A future to look forward to* as late as in 2016. In other words, there is reason to believe that the stark time discrepancy as purpose-driven organizations may explain the differences to which degree they have filled their purposes with content, beyond the use of symbols.

Schein (1997) argues that visible expressions can contribute to developing a particular type of corporate culture. Goffman (as cited in Fuller, 2008) defends the view that if symbols contradict the underlying reality in an organization, there is a possibility that employees have negative reactions to the organization's use of symbols. If symbols are hollow and vain in the view of the employees, symbols may remain ineffective. Consequently, Storebrand should stay meticulous in filling the symbols with content that reflects the organizational reality, in order to avoid negative reactions from employees. As one respondent explained, the purpose could easily become “a cliché” if it does not reflect Storebrand's organizational DNA, and in turn is operationalized.

Lastly, we find that handing out *annual awards* to remarkable employees is an important part of the operationalization of purpose in both organizations cultural controls. The “Laerdal of the year” award in Laerdal Medical and the “courageous pathfinder award” in Storebrand are examples of how the two organizations point to role model employees in defining how their purposes are to be acted out in practice.

In Laerdal Medical, the annual award seemingly reinforces the organization's purpose. The award is handed out to employees who have behaved in accordance with Laerdal Medical's purpose and values, and appear to engage employees in the organization. Similarly, Storebrand's “courageous pathfinder” award seems to serve as a supporting element to the organization's purpose. Interviewees in Storebrand reported that the award is intended to create engagement around their work on purpose. However, as the award was first introduced in 2016, our interviewees reported that it was unclear to which degree the award had successfully catalyzed employees' engagement to the organization's purpose.

Malmi & Brown (2008) argue that organizational values, hereunder organizational purpose, are institutionalized when they are explicated and when employees behave in accordance with them. In Laerdal Medical, the “Laerdal of the year” award appears to encourage employees to behave in accordance with the purpose. For instance, we find that the award has previously been handed out to employees who bolster the organizational culture. As such, the award seemingly works as an institutionalization of Laerdal Medical’s purpose. In Storebrand, it appears that the organization need more time for the “courageous pathfinder” to institutionalize the purpose.

A notion should be made on the role of *clans* as an element in cultural controls. Ouchi (1979) refers to clan controls as a socialization process in an organization, instilling a set of values in employees. The data we collected does not reveal to which extent Laerdal Medical and Storebrand de facto use opinion leaders to operationalize purpose in the corporate culture. Consequently, we omit clans from table 4 above. However, an interviewee in Storebrand proposed that managers may appoint “proponents for purpose”, assigning employees with high influence in the organization to be responsible for creating commitment and engagement to purpose in their respective departments. This corresponds to Lazarsfeld’s (1944) findings that most people are influenced by opinion leaders. Potentially, employees with a strong commitment to the purpose could function as such opinion leaders, contributing to cascading the purpose to lower hierarchical levels in the organization.

In relation to organizational commitment, our notion from the empirical findings is that upper management in the organization express higher levels of commitment related to the purpose than do subordinates. We argue that managers in both organizations face a challenge in getting subordinates to share the commitment related to purpose.

One subordinate in Laerdal Medical shared anecdotes on how he clearly felt a significant discrepancy in terms of commitment when conversing with higher level managers. Likewise, a middle-manager in Storebrand stated that people on the top of the organization perhaps understand more of the purpose. The middle-manager was under the impression that higher level managers are the ones engaged in work on purpose, and that purpose becomes less important for employees concerned with “other things”. Thus, we identify a need for managers to cascade commitment to purpose down in the organization. Storytelling, the use of symbols, institutionalization of purpose through awards, and potentially the use of opinion leaders, may

be approaches to set cascading in motion. If successful, the organizations could potentially benefit from the positive outcomes related to organizational commitment – such as increased satisfaction and reduced absenteeism (Meyer et al. as cited in Abbot, White, & Charles, 2005).

## 7.2.2 Planning controls

In chapter 7.2.2, we discuss two ways in which Laerdal Medical and Storebrand operationalize their purpose in planning controls. We find that both organizations use purpose as a lodestar in an effort to guide employees' "direction". We also find that purpose may be related to both organizations' corporate strategies.

Purpose has an important function as a *lodestar* in both Laerdal Medical and Storebrand. This implies that the purpose gives guidance to employees in both organizations, functioning as a "compass" for employees in their decision-making.

In Laerdal Medical, there are apparent differences in terms of control mechanisms between the administrative departments and the production department. The administrative departments are characterized by the use dynamic management tools, typified by rolling forecasts and limited detail-orientation. The production department on the other hand, appear to be characterized by a high degree of goal-orientation, focus on KPIs and attention to detail. Nonetheless, we find that purpose function as a lodestar in both departments. In the administrative departments, purpose seem to work as a means of "balancing" the use of flexible planning controls, while in the production department, purpose seems to serve as a lodestar by reminding employees that they are "building cathedrals" and not just "moving bricks". Storebrand have traditionally been detail-oriented in their planning, but we find that the organization now take use of rolling forecasts and must-win battles rather than detailed action plans. Employees in Storebrand generally discern a link between the organization's purpose and their planning controls.

According to EY Beacon Institute (2016), using purpose as a guide for daily and long-term decision-making can engender increased innovation. An employee in Laerdal Medical described how the realization that unused products did not contribute to *Helping save lives*, led to a new type of service in the form of a leasing program. We argue that this leasing program in the organization is an example of service innovation. In Storebrand, numerous

interviewees provided examples of products supporting *A future to look forward to*, such as offering their customers electrical substitute cars, “green” house insurances, and health insurance. These examples of innovations in both organizations were highlighted by employees when discussing how purpose effected long-term thinking. Thus, EY Beacon Institute’s (2016) argument that using purpose as a guide for daily and long-term decision-making can engender innovation, appear to hold true for both Laerdal Medical and Storebrand in certain cases.

Another important aspect of an organization’s planning controls is *corporate strategy*. Laerdal Medical have articulated a strategy of *helping save 500,000 additional lives every year by 2020 and beyond*. To direct attention directly to this strategy, Laerdal Medical has developed an assessment model which they use for project planning to ensure that all projects are aligned with the strategy. Storebrand’s corporate strategy is to be the *best provider of pension savings*. The strategy is embedded in the organization’s ODF framework, which states that Storebrand shall provide *better pensions – simply and sustainably*. Since Storebrand’s purpose is an essential part of the ODF framework, the framework establishes a link between Storebrand’s strategy and their purpose.

From our interviews, we find that the executive management in Laerdal Medical see the organization’s strategy as a combination of a target measure and a visionary statement. Laerdal Medical seems to have successfully incorporated *Helping save lives* in their decision-making, which is largely explained by the use of their assessment model. For instance, the assessment model is used when considering which products to offer and which markets to operate in. However, we find that the visionary aspect of the strategy is perceived as problematic by some employees. Selected respondents ask questions such as “how far have we come?” and “do we need to roll up our sleeves?”, appealing for more information about the strategy’s feasibility. Consequently, we argue the discontentment expressed by certain employees can be explained by the strategy’s characteristics as both a visionary statement and a target measure.

In Storebrand, certain employees assert that *A future to look forward to* is first and foremost related to pensions. In this sense, employees express that they perceive a link between Storebrand’s purpose and their strategy. However, we do not find concrete examples on how the purpose have had clear practical implications on the organization’s strategy. One manager explained that the purpose “ideally” should guide strategies and operational matters, but did



not provide any examples of how this was done in practice. Other employees shared similar reflections on how being the *best provider of pension savings* could potentially guide long-term decision-making, but did not refer to concrete examples.

Bartlett & Ghoshal (1994) argue that plans and strategies need to be embedded in a broader organizational purpose to engender emotional attachment in the organization's employees. In Laerdal Medical, we find that the organization successfully has embedded *Helping save lives* in the strategies. In line with Bartlett & Ghoshal's (1994) reasoning, this could engender emotional attachment in Laerdal Medical employees. On the other hand, we find that some employees perceive the strategy's Janus-like characteristics as problematic, which might reduce employees' emotional attachment. In Storebrand, we only identify hypothetical examples on how the organization's purpose is embedded in the strategy. Thus, we do not expect these potential effects to apply to Storebrand, before the purpose truly is embedded in their strategies and decision-making.

### 7.2.3 Administrative controls

In this chapter we discuss how Laerdal Medical and Storebrand embed purpose in their administrative controls. We find that both organizations operationalize purpose in their organizational structures as well as through their policies and procedures. Based on our empirical findings, we do not find purpose to be operationalized in the organizations' governance structures.

Purpose influences both Laerdal Medical's and Storebrand's *organizational structures*. In Laerdal Medical, an interviewee reported that finding the "right" organizational structure is an important aspect of enabling the organization in *Helping save lives*. Similarly, in Storebrand it appears that purpose is an important aspect of simplifying the organizational structures. Executive managers in the organization focus on designing an agile organization characterized by less bureaucracy and less hierarchies. Bartlett & Ghoshal (1993) encourage organizations to design "organic" organizational models built around purpose, processes and people, arguing that such a model increases employee commitment and creativity. According to these authors, organic organizational models are characterized by fewer hierarchies, less control from top management, decentralization of entrepreneurial decisions to business units, and autonomic business units with full responsibility for their own balance sheets. Our findings from Laerdal

Medical and Storebrand seem to correspond well with Bartlett & Ghoshal's view. Purpose seems to be an important element in fulfilling the organizations' aspiration for reducing red tape and becoming more agile. In line with the views of Bartlett & Ghoshal (1993), we could expect such changes to increase employees' commitment to the organization and their creativity.

Regarding *policies and procedures* in Laerdal Medical, the executive management find it essential that employees behave in accordance with what one may call the "Laerdal way". This policy is in particular imposed on managers of divisions outside Norway. Local managers in foreign divisions are expected to behave as cultural translators for the organization. Local managers generally have the autonomy to find ways in which they can deliver on Laerdal Medical's purpose. However, they have no room for finding "their own" purposes that contradict with the organization's purpose. Everything Laerdal Medical does is intended to contribute to *Helping save lives*.

In Storebrand, the "courageous pathfinders" statement describes a policy for how Storebrand's employees are expected to act. Employees are encouraged to asking questions such as "are we courageous pathfinders now?" and "do we challenge the established procedures to build *A future to look forward to?*" However, there are no explicit guidelines describing what it means to be a courageous pathfinder. The halal-loan case provides an example of how the lack of guidelines can cause uncertainty among employees on how they best can contribute to the purpose. However, we would argue that the halal-loan case also serves as an example on how an emphasis on purpose can lead to innovation and engagement in an organization. Hollensbe et al. (2014) argues that organizational purpose involves giving employees the autonomy and support to make decisions that are in line with the purpose, which ultimately may lead to increased innovation, creativity, and organizational commitment. As such, using purpose as a guiding policy could potentially encourage innovation and creativity among employees.

#### 7.2.4 Personnel controls

In chapter 7.2.4, we analyze how Laerdal Medical and Storebrand operationalize purpose in their personnel controls. We find that purpose influences both organizations' recruitment, onboarding processes, and training processes. We also find indications that Laerdal Medical are able to retain employees due to their focus on purpose.

Laerdal Medical specifically seeks to *recruit* people sharing the same purpose as the organization. This view is broadly supported by the findings from our first-order analysis. For instance, the organization uses its assessment model to ensure that every person they recruit contributes to making a *Helping save lives*-impact. In Storebrand, one interviewee reported that purpose not necessarily is at the *core* of Storebrand's recruitment processes, but that the organization seeks people holding characteristics corresponding with *A future to look forward to*. Specifically, they are interested in people who are generous, genuinely interested in helping and creating a better world for others.

We find that both Laerdal Medical and Storebrand seek to recruit people sharing the organizations' values and purpose, although the degree to which this is conducted appear to be more formalized in Laerdal Medical than in Storebrand. An explanation as to why the organizations seek to recruit specific types of employees, may be the beneficial outcomes that follows from having employees with values that are aligned with the organization's values.

Malmi & Brown (2008) argue that when organizations deliberately recruit individuals that have a particular set of values, they do so on the basis that values impact behavior. On a similar note, Abbot, White & Charles (2005) hold the view that when personal and organizational values are aligned, this may create "affective" organizational commitment in an employee. In turn, organizational commitment is a predictor of beneficial outcomes for an organization, such as increased work performance, employee satisfaction, and reduced turnover (Meyer et al. as cited in Abbot, White & Charles, 2005). Through the lens of these theories, we might expect positive outcomes for both organizations due to their recruitment strategy. Employee commitment may be increased if the organizations succeed in recruiting employees with "personal purposes" aligned with the organizations' purposes. This may in turn have beneficial effects on employees' work performance, satisfaction, and turnover. We would argue that these effects can increase if the organizations manage to formalize structures for linking their recruitment strategy to the organization's purpose. This is particularly evident in Laerdal Medical, where the recruitment strategy is corroborated by the organization's assessment model.

Furthermore, both organizations focus on purpose in their *onboarding-processes* and in the general *training* of employees. Laerdal Medical puts more emphasis on communicating its *raison d'être* to the employees. The organization's CEO and owner, Tore Lærdal, is personally

involved in the process of imprinting the organization's purpose to Laerdal Medical's employees. Based on the reports from certain employees in the organization, Tore Lærdal's involvement in the onboarding process is highly appreciated among newly appointed employees. In Storebrand, one respondent stressed that downloading the mobile application is an element on the onboarding-checklist. Furthermore, the application serves as a tool for educating employees in the organization's purpose. Although this may be an innovative scheme for creating engagement around the purpose, we identify two potential challenges in relying on a mobile application as a communication platform for purpose. First, Storebrand does not necessarily reach out to the entire organization with the mobile application, as the organization cannot ensure that all employees actually download and utilize it. This should be an argument for operationalizing the purpose in other MCS as well. Second, there is no guarantee that the employees who actually use the mobile application, use it the way Storebrand intends. Thus, the mobile application does not necessarily generate outcomes that are beneficial for Storebrand.

We discern that the CEO involvement in Laerdal Medical positively increases employees' commitment to the organization. This corresponds with the view of Aiken & Keller (2007), arguing that CEO's adopting a personal approach in their leadership will increase collective motivation and commitment in their organization. In Storebrand, we find that the mobile application has spurred engagement among the organization's employees. As pointed out by Salanova et al. (2005), work engagement can be related to positive outcomes such as reduced turnover, high organizational commitment and increased employee performance. If the mobile application successfully creates employee engagement, this could be beneficial for Storebrand. However, although watching videos and discussing the organization's purpose may be engaging for employees, we argue that it does not necessarily lead to beneficial outcomes for the organization – such as reduced turnover or increased employee productivity.

We find specific examples that Laerdal Medical are able to *retain* employees from leaving due to the organization's focus on purpose. Some respondents explain that leaving the organization is not an option for them, in spite of being offered significant pay raises by other firms. Furthermore, employees argue that people not committed to the organization's purpose may be more inclined to leave the organization than those who are committed to the purpose.

In Storebrand, one interviewee reported that staying in the organization generally indicates that there is a good match between the employer and the employee. However, we do not find this to be an indication that the purpose has an effect on the retention of employees in Storebrand, thus far. Furthermore, some respondents reported that an eventual misalignment in personal-organizational values and purpose could potentially lead to higher turnover. Meyer et al. (as cited in Abbot, White & Charles, 2005) reports negative correlations between organizational commitment and turnover. Our findings should suggest that employees who are not committed to an organization's purpose may be more inclined to leave the organization than employees sharing the organization's purpose. This is also in line with the view of Collins & Porras (1991), claiming that an organization with a clear purpose repel employees with purposes contradicting the organization's purpose.

### 7.2.5 Purpose is not operationalized in cybernetic controls and in compensation

There are two MCS in which we do not find any particular indications that purpose is operationalized. These MCS are the organizations cybernetic controls and their rewards and compensation models.

Generally, we do not find purpose to be operationalized in either of the two organizations' *cybernetic controls*. As noted in chapter 5.1.3 and 6.1.3, both organizations display widespread use of measuring and cybernetic control, but we do not find any kind of measure directly related to the purpose in either organization. This is interesting, as the cybernetic controls have had a long association with the concept of management control (Malmi & Brown, 2008). We find two possible explanations as to why purpose is not operationalized in either of the two organizations' cybernetic controls.

The first explanation may simply be that it is practically difficult to link a concept such as organizational purpose to cybernetic controls. Traditionally, cybernetic controls entail measurable features designed to be compared against predefined standards and to be used as input in feedback-processes (Malmi & Brown, 2008). Such controls may be very relevant to concepts such as production or sales volumes. Organizational purpose on the other hand, is arguably a rather intangible concept. Perhaps the traditional cybernetic controls are incompatible with the more "organic" way of thinking that seem to characterize purpose-

driven organizations. Malmi and Brown (2008) maintain that misalignments in an organization's MCS package may result in ineffective control.

However, there may be ways for both organizations to operationalize purpose in their cybernetic controls. For instance, employee surveys and performance appraisals could be revolved around the organizations' purposes. The EPS in Laerdal Medical could serve as a cybernetic control, providing feedback on how the organization deliver on its purpose. Storebrand have recently started including questions such as how employees can act as courageous pathfinders in their performance appraisals. This could be a step towards including purpose in the organization's cybernetic controls. In line with Malmi & Brown (2008), including purpose in cybernetic controls could contribute to better alignments in the MCS package, consequently resulting in more effective control.

The second explanation as to why purpose is not operationalized in either of the two organizations' cybernetic controls may be that management is reluctant to establish hypothetical links between their purpose and their cybernetic controls. An executive manager in Laerdal Medical explained that the link between purpose and "what gets measured" should not be hypothetical. Our notion is that the executive management in Laerdal Medical want to avoid such weak links between the purpose and cybernetic controls because they might reduce employee motivation. Vroom (1964) proposes that if the connection between "effort" and "performance" is weak, motivation is consequently reduced. In this context, "performance" may be understood as the degree to which employees contribute to fulfilling the purpose. In line with Vroom, our findings suggest that constructing a hypothetical link between an organization's purpose and its cybernetic controls could result in undesired consequences, such as reduced employee motivation.

In relation to *rewards and compensation*, we do not find that purpose is related to the organization's compensation model. Laerdal Medical compensates its employees with a combination of a fixed salary and a bonus. Storebrand's compensation model mainly consists of fixed salaries, although some discretionary bonuses are awarded to employees.

Although we do not find a direct link between the organizations' compensation models and purpose, we argue that there may exist an indirect link. In Laerdal Medical, we find that the organization's compensation model is designed to attract people who want to work at Laerdal

Medical for “the right reasons”. This could be an indication that the organization want employees who have an intrinsic motivation for contributing to Laerdal Medical’s purpose. Thus, *not* offering market leading wages could serve as a supporting element to the organization’s purpose. Similarly, we find that the Storebrand’s compensation model is designed to support Storebrand’s strategy. Although the extent to which this compensation model can be directly linked to Storebrand’s purpose is unclear based on our findings, *not* offering bonus schemes may be in line with being a purpose-driven organization.

### 7.3 Summary: purpose in the organizations’ MCS packages

In chapter 7.2, we analyzed how purpose is operationalized in the two organizations’ MCS. Malmi & Brown (2008) suggest that the collection of different MCS in an organization may be referred to as an MCS *package*. According to these authors, the various control systems do not operate in isolation. Thus, we find it expedient to conclude our second-order analysis by studying how purpose is operationalized in Laerdal Medical’s and Storebrand’s MCS packages. In chapter 7.3.1, we analyze the implications purpose have on Laerdal Medical’s MCS package, while we in chapter 7.3.2, analyze the implications purpose have on Storebrand’s MCS package.

#### 7.3.1 Laerdal Medical’s MCS package

Generally, we find that Laerdal Medical’s purpose of *Helping save lives* is rooted in the organization’s MCS package. Cultural elements such as storytelling and the use of symbols draw employees’ attention towards the purpose. We find that through use of cultural controls, Laerdal Medical direct attention to its purpose, making it understandable and tangible to employees. The cultural controls appear to support other elements of the MCS package, such as Laerdal Medical’s overall strategy of *helping save 500,000 additional lives every year by 2020 and beyond*. Furthermore, Laerdal Medical makes use of an assessment model, ensuring that every project the organization takes on contributes to *Helping save lives*. Each project initiated since 2014 have gone through this assessment model. By making the purpose tangible and linking it directly to the organization’s overall strategy, *Helping save lives* function as a lodestar, providing a common direction for all employees. We find that the strategy serves both as a visionary statement and a target measure. However, there are indications that

employees request more information on the target aspect. Uncertainty about the strategy's feasibility could potentially reduce employees' motivation.

Accordingly, the purpose's guiding features appear to influence the organization's administrative controls. Although the specific rules, regulations and degree of decentralization admittedly varies between departments, the administrative controls appear to be fairly organic and simplified in the organization as a whole. Furthermore, policies and procedures in the organization serve to ensure that employees act "the Laerdal way". This appear to be a vital element in the organization's personnel controls. Laerdal Medical put much emphasis on recruiting people that have high *Helping save lives*-potential. Possibly, the organization's careful selection of personnel enables them to make liberations on other MCS – such as less direct supervision and detailed management – because management trust their employees to act in accordance with the organization's purpose. As such, we see contours on how the personnel controls in Laerdal Medical potentially can influence other control mechanisms in the MCS package.

Although purpose do not appear to have a particular effect on the organization's cybernetic controls in, we argue that the need for "traditional" cybernetic controls may be reduced due to the apparent operationalization of purpose in other elements of the MCS package. Likewise, we do not find purpose to be operationalized in Laerdal Medical's compensation models. However, the organization's compensation model's design could possibly attract people who have an intrinsic motivation for contributing to Laerdal Medical's purpose. Thus, there is not necessarily a misalignment between the various MCS in Laerdal Medical's MCS package.

We conclude that Laerdal Medical's MCS package is revolved around the organization's purpose. Due to the organization's systematic operationalization of *Helping save lives* in the organization's MCS package, they should have high potential for spurring commitment and employee engagement around their purpose. However, uncertainty about the strategy's feasibility could potentially reduce employees' motivation.

### 7.3.2 Storebrand's MCS package

*A future to look forward to* appear to have implications for Storebrand's MCS package. We find that Storebrand's purpose is operationalized in cultural controls such as storytelling and



the use of symbols. Two tangible examples of this are Storebrand's mobile application and the ODF framework. We generally find that these MCS elements spur employee engagement towards the organization's purpose. Furthermore, we find indications that the purpose is linked to the organization's planning controls. *A future to look forward to* is intended to serve as a lodestar for the organization's employees, while the corporate strategy of *being the best provider of pension savings* is related to the purpose through the ODF framework.

Among the core arguments for increasing the organization's focus on purpose, was a need to simplify management control in the organization. Traditionally, there have been an array of procedures to adhere to in the organization. This can partly be explained by the fact that Storebrand is a financial institution, subject to extensive rules and regulations. However, Storebrand's management hold the view that purpose could provide employees with a common direction. Moreover, the administrative controls in Storebrand's appear to be aligned with other elements of the MCS package. In particular, employees are encouraged to act as *courageous pathfinders* – a statement which is directly linked to the organization's purpose through the ODF framework. There is also a focus on simplifying the organizational structures, which seems to be in line with the idea of using purpose as a lodestar. In this respect, Storebrand appear to have an alignment between planning controls and administrative controls.

Lastly, Storebrand seek to recruit people with personalities that are aligned with the organization's purpose. Although purpose is not necessarily at the core of recruitment, Storebrand's employees demonstrate some reflections on how the organization seek people holding characteristics corresponding with *A future to look forward to*. Specifically, they are interested in people who are generous, genuinely interested in helping and creating a better world for others. We argue that recruiting the "right" employees to the organization, have potential to reduce the need for extensive policies and procedures. In this regard, Storebrand still have potential for including purpose in recruitment to a higher degree. Hence, there appear to be a certain degree of alignment between the personnel controls and the rest of the MCS package.

We found no clear indications that purpose is operationalized in Storebrand's cybernetic controls. Employees discuss how they can act as courageous pathfinder in performance assessments with their managers, but this does not appear to work as a cybernetic control to

date. In terms of rewards and compensations, none of our empirical findings suggest that there is an explicit connection between Storebrand's compensation model and their purpose. However, as in Laerdal Medical, Storebrand's focus on offering fixed wages instead of variable pay may support their efforts of being a purpose-driven organization. Following this line of reasoning, rewards and compensation may be implicitly aligned with other elements of the MCS package, although not explicitly linked to the organization's purpose.

Overall, we find indications that Storebrand's MCS package is aligned around the organization's purpose. The organization has commenced their operationalization of purpose in a relatively short period of time. In particular, including employees across the entire organization in the articulation process, as well as launching a mobile application dedicated to educating employees in Storebrand's purpose, appear to have catalyzed engagement around the organization's purpose among employees. Yet, we find that Storebrand has potential for further progress in operationalizing purpose in the various elements of their MCS package. A focal challenge for Storebrand is to be perseverant in order for their purpose to become a natural part of the organization. If the organization successfully manage to do so, there should be potential for spurring commitment and employee engagement across the organization.

## 8. Conclusion

In chapter 8, we conclude on the findings from our research. Chapter 8.1 presents the answers to our two research questions, before providing an answer to our main research question. Chapter 8.2 provides our proposals for further research.

### 8.1 Answering our research question

Our main research question is *how do purpose influence MCS in purpose-driven organizations?* We have sought to answer this question by examining two research questions.

First, we asked *what is organizational purpose?* A thorough literature review demonstrated that organizational purpose is often juxtaposed alongside other guiding statements in an organization, such as the mission statement in particular. Some researchers hold the view that these concepts carry different meaning, but we find that the distinction between purpose and mission is not clearly defined to date. Furthermore, we reviewed the existing definitions of organizational purpose offered in the management literature. Although many of the existing definitions appear to assert pro-social attributes to the concept, we find that most of the literature defines organizational purpose as an organization's "reason for being". Hence, we propose that organizational purpose should primarily be understood as an organization's reason for being. Although we argue that purpose should be seen as more than a statement, articulating an explicit purpose statement appear to be an important first step in order for an organization to become more purpose-driven.

Second, we raised the question *how do purpose-driven organizations operationalize purpose in their MCS, and what are the implications for employees?* Based on empirical findings from two purpose-driven organizations, we find that purpose may influence several elements in the MCS package. In particular, we find that purpose can be operationalized in an organization's corporate culture and personnel controls. Additionally, the organizations intend to use purpose as guidance in decision-making and as a vehicle of enabling more dynamic control mechanisms.

We now turn to the main research question in our thesis. We find that there are three important aspects in order for an organization's purpose to truly influence their MCS.

First, *operationalizing purpose in an organization's MCS is a laborious process*. Much of the value that can be derived from being a purpose-driven organization appear to be generated in a long term perspective. For instance, a prerequisite for an organization to attract employees driven by the same purpose as the organization, is that the organization has a reputation as being purpose-driven. Building such a reputation takes time. Operationalizing purpose in the MCS is a long term project, and the potential risk is that organizations are too shortsighted when asserting the benefits from focusing on purpose. A key take-away for organizations is that they need to be perseverant when operationalizing purpose.

Second, we find that *purpose must be operationalized in ways that are tangible for employees*. An important aspect of making the purpose tangible is to operationalize it in elements that are physically visible to employees, such as in symbols and storytelling. Furthermore, relating purpose to the actual work employees conduct every day, may make it more tangible and understandable to the employees. The potential risk of not making the purpose tangible is that it might become “fluffy” or non-genuine, subsequently reducing employee commitment and engagement around the purpose. Hence, the purpose should be articulated as an explicit statement, and it should be operationalized in the MCS in ways that are tangible to employees.

Third, *organizational purpose has the ability to spur organizational commitment and engagement among employees*. Employees that understand their organization's purpose and see tangible expressions of it in their daily work, generally appear to be more committed to and engaged by the purpose. This may in turn increase their commitment to the organization, which can have positive outcomes such as lower turnover, higher level of innovation, and enhanced employee performance. However, although employees may be engaged and committed to their organization's work on purpose – this may not necessarily lead to positive outcomes for the organization. The potential threat is that purpose becomes merely a “fun” aspect of the job, without having a real impact on factors that are important to the organization, such as turnover, innovation, and employee performance. Furthermore, our findings suggest that employees on lower hierarchical levels may feel somewhat distanced from the purpose. These employees may not see or understand the organization's purpose as clearly as executive managers and other higher level employees. Thus, organizations may face a challenge in making employees' commitment to the purpose cascade down to lower hierarchical levels in the organization.

Lastly, we have a final remark on the relationship between purpose and profits. Much of the existing literature on organizational purpose claims that purpose lead to increased profits. Furthermore, a number of interviewees referred to “increased profits” as a positive outcome of being a purpose-driven organization. Conducting a thorough review of the existing management literature, we have not found clear empirical evidence of causal relationships between being purpose-driven and increased profits. We have found that there may be positive outcomes for organizations, such as reduced turnover, higher level of innovation, and enhanced employee performance. Although such outcomes may very well lead to increased profits for an organization, we have yet to find empirical evidence proving a causality between purpose and profits.

## 8.2 Proposals for further research

Although the concept of organizational purpose has gained much attention in practitioner oriented literature, there is a lack of scholarly research on the concept. We urge academics to contribute with research on organizational purpose, and work towards a unified understanding of the concept. Auxiliary research may further explore the implications organizational purpose has on employees. Caulkin (2016) argue that the positive outcomes of purpose “works from a hidden view” (p. 1), and that any effect on the bottom-line are only assumed to work through “intangible qualities”, such as by inspiring and motivating employees. We encourage researchers to illuminate the potential relationships between purpose and such “intangible qualities”. In our research, we have focused on outcomes such as organizational commitment and employee engagement. Perhaps our research can pave the way for more descriptive and causal studies on the relationship between these concepts.

Lastly, auxiliary research could investigate the relationship between purpose and modern management philosophies, such as Beyond Budgeting. Beyond Budgeting is a management philosophy based on twelve principles, in which the first principle is commonly referred to as *purpose*. There appear to be noteworthy similarities between Beyond Budgeting and purpose-driven management control, such as downplaying bureaucracy, giving employees the autonomy to make their own decisions, and operating by dynamic planning processes. Further research in this direction could shed light on the potential relationship between modern management philosophies and organizational purpose.

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## **10. Appendix**

### **10.1 Interview guide Laerdal Medical AS**

The following is an example of an interview guide we used at Laerdal Medical.

#### **Part I: Introduction**

##### **1.1. About us and the project**

- a. Short presentation about Dan-Richard and Andreas
- b. Short introduction to our research
  - i. Thesis on organizational purpose
  - ii. Broad concept that people relate to in different ways

##### **1.2.General information**

- a. Participant's right to confidentiality and anonymity
- b. We would like the individual's honest reflections and opinions about purpose in the organization, not textbook answers
- c. Request to record the interview electronically
- d. Presentation of participant information sheet and consent form (to be read and signed)

##### **1.3.About the interviewee**

- a. What do you do in Laerdal Medical?

#### **Part II: Interviewee's personal reflections**

##### **2.1 Reflections on purpose and personal beliefs**

- a. Purpose can be defined as the organization's reason for being. Why do you think Laerdal Medical exists?
  - i. If you were to explain Laerdal Medical's reason for being to a co-worker, what would you say?
- b. How do you encounter this in your daily work?
- c. How would you describe the culture in Laerdal Medical?

- i. Do you think this view is shared among the employees in Laerdal Medical?
- d. How do your personal values correspond to Laerdal Medical's values?
  - i. In what ways do you find working at Laerdal Medical meaningful?
- e. What is unique with Laerdal Medical, compared to other companies in which you might consider working for in Stavanger?
  - i. Do you think this view is shared among the employees in Laerdal Medical?

## **2.2 Motivation and commitment**

- a. When did you start working for Laerdal Medical, and *why* did you join the organization?
- b. In your daily work; what motivates you when doing your job?
  - i. How do your supervisors keep you motivated?
- c. What goals do you work towards?
  - i. In what ways does working for Laerdal Medical help you fulfill your personal goals?
- d. What keeps you employed at Laerdal Medical?

## **2.3 Sustainability and pro-social orientation**

- a. Tore Lærdal has communicated that there are “high expectations” to Laerdal Medical as a company.
  - i. *Who* are the ones with high expectations to Laerdal?
  - ii. What do you think means by this statement?
- b. As a Laerdal employee, and not specifically referring to your *position* per se: what are your responsibilities (in a broad sense)?
  - i. To *whom* do you have a responsibility as a Laerdal Medical employee?
- c. How do Laerdal Medical make an impact for the communities in which it operates?
- d. In your daily work, how much emphasize do you place on Laerdal Medical's stakeholders?

### **Part III: Operationalization of purpose**

#### **3.1 Decision-making**

- a. What guides your decision-making at work?
  - i. To what extent do you follow specific rules?
  - ii. To what degree do you have autonomy to make decisions yourself?
- b. On an organizational level: what do you think guides Laerdal Medical's strategic direction?
  - i. For instance: what decides which markets to operate in? Which suppliers to work with? What products to develop?
  - ii. Financial measures or is it non-financial measures?

#### **3.2 Strategy and planning**

- a. What are the overall goals of Laerdal Medical as a company?
- b. Laerdal Medical has previously had a goal of saving 250,000 more lives by 2015. Now they have a goal of saving 500,000 more lives by 2020 and beyond.
  - i. Are you aware of these goals?
  - ii. What do these goals mean?
  - iii. Why are these goals important?
  - iv. How do you think Laerdal Medical can be successful in reaching this goal for 2020?
  - v. How do you contribute in reaching that goal?

#### **3.3 Performance measures**

- a. What performance measures are you assessed on?
  - i. Quantitative measures? (budget targets, sales, etc.)
  - ii. Qualitative measures? (non-measurable contributions, etc.)
- b. What motives you to reach your targets?

#### **3.4 Corporate culture and recruitment**

- a. What type of people do Laerdal Medical recruit?
- b. What does the training consist of? (onboarding process)
  - a. What was the main focus?
  - b. What was there less focus on?
- c. How does working in Laerdal affect one's values?
- d. How do top management provide direction to Laerdal Medical's employees?

**Part IV: Closing remarks**

**4.1** Do you wish to add anything?

**4.2** Any questions for us?



## 10.2 Interview guide Storebrand ASA

The following is an example of an interview guide we used at Storebrand.

### **Part I: Introduction**

#### **1.1.About us and the project**

- a. Short presentation about Dan-Richard and Andreas
- b. Short introduction to our research
  - iii. Thesis on organizational purpose
  - iv. Broad concept that people relate to in different ways

#### **1.2.General information**

- a. Participant's right to confidentiality and anonymity
- b. We would like the individual's honest reflections and opinions about purpose in the organization, not textbook answers
- c. Request to record the interview electronically
- d. Presentation of participant information sheet and consent form (to be read and signed)

#### **1.3.About the interviewee**

- a. What do you do in Storebrand?

### **Part II: Interviewee's personal reflections**

#### **2.1 Reflections on purpose and personal beliefs**

- a. Purpose can be defined as the organization's reason for being. Why do you think Storebrand exists?
- b. How do you encounter this in your daily work?
- c. How would you describe the culture in Storebrand?
  - i. Do you think this view is shared among the employees in Storebrand?
- d. How do your personal values correspond to Storebrand's values?
  - i. In what ways do you find working at Storebrand meaningful?
- e. What is unique with Storebrand, compared to other companies in which you might consider working for?

- i. Do you think this view is shared among the employees in Storebrand?

## **2.2 Motivation and commitment**

- a. When did you start working for Storebrand, and *why* did you join the organization?
- b. In your daily work; what motivates you when doing your job?
  - ii. How do your supervisors keep you motivated?
- c. What goals do you work towards?
  - ii. In what ways does working for Storebrand help you fulfill your personal goals?
- d. What keeps you employed at Storebrand?
- e. How does your job make you feel a sense of pride?
- f. How does the job give you a sense of meaning?

## **2.3 Sustainability and pro-social orientation**

- a. Storebrand has a broad focus on sustainability. What does that mean?
- b. *Who* have expectations to Storebrand?
- c. As a Storebrand employee, and not specifically referring to your *position* per se: what are your responsibilities (in a broad sense)?
  - ii. To whom do you have a responsibility as a Storebrand employee?
- d. How do Storebrand make an impact for the communities in which it operates?
- e. In your daily work, how much emphasize do you place on Storebrand's stakeholders?

## **Part III: Operationalization of purpose**

### ***3.1 Decision-making***

- a. What guides your decision-making at work?
  - i. To what extent do you follow specific rules?
  - ii. To what degree do you have autonomy to make decisions yourself?
- b. On a company level: what do you think guides Storebrand's strategic direction?
  - i. For instance: what decides which markets to operate in? Which suppliers to work with? What products to develop?
  - ii. Financial measures or is it non-financial measures?

### ***3.2 Strategies and plans***

- a. What are the overall goals of Storebrand as a company?
- b. How is *A future to look forward to* operationalized?

### **3.3 Performance measures**

- a. What performance measures are you assessed on?
  - iii. Quantitative measures? (budget targets, sales, etc.)
  - iv. Qualitative measures? (non-measurable contributions, etc.)
- b. What motives you to reach your targets?

### **3.4 Corporate culture and recruitment**

- a. What type of people do Storebrand recruit?
- b. What does the training consist of? (onboarding process)
  - a. What was the main focus?
  - b. What was there less focus on?
- c. How does working in Storebrand affect one's values?
- d. How do top management provide direction to Storebrand's employees?

## **Part IV: Closing remarks**

**4.1** Do you want to add anything?

**4.2** Any questions for us?

## 10.3 Consent form sample

NHH


 FOCUS FUTURE-ORIENTED  
CORPORATE SOLUTIONS

### CONSENT FORM

#### About the research

The following is a sample consent form for a master thesis at the Norwegian School of Economics (NHH). The master thesis is a part of the research program FOCUS at the Center for Applied Research at NHH, and is financially supported by the research program and the professional services firm EY. The thesis aims to contribute with insights on *purpose driven organizations*.

I volunteer to participate in a research project conducted by Mr. Dan-Richard Knudsen and Mr. Andreas Lie Hauge from NHH. I understand that the project is designed to gather information about *purpose driven organizations*.

1. My participation in this project is voluntary. I may withdraw and discontinue participation at any time without penalty.
2. If I feel uncomfortable at any time during the interview session, I have the right to decline to answer any questions or to end the interview.
3. Participation involves being interviewed by researchers from NHH. The interview will last approximately 45-90 minutes. Notes will be written during the interview.
4. I agree to the interview being audio-recorded. If I do not want to be recorded, I understand that I will not be able to participate in the study.
5. I understand that the researcher will not identify me by name in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. Subsequent uses of records and data will be subject to standard data use policies which protect the anonymity of individuals and institutions.
6. I have read and understood the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.
7. I have been given a copy of this consent form.

My name (in block letters) and position:

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My signature:

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Date:

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Signature of the investigators:

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Date:

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The aim of this thesis is to contribute with new insights on the concept of organizational purpose, by answering the following main research question:

*How does purpose influence the MCS in purpose-driven organizations?*

There has been a tremendous increase in the general interest of organizational purpose over the course of the last decade. However, there is still a significant lack of scholarly research conducted on the concept. In this thesis, we seek to gain an enhanced understanding of what organizational purpose is, how it may be operationalized in organizations' management control systems (MCS), and the potential implications for employees. We seek to understand what organizational purpose is by reviewing the existing management literature on organizational purpose. Furthermore, we conduct a comparative analysis of how the concept is operationalized in the MCS of two Norwegian purpose-driven organizations. The analysis is based on qualitative data gathered from interviewing employees in these organizations.

In answering our main research question, we find that there are three important aspects in which organizations with a desire to become purpose-driven need to consider. First, we find that operationalizing purpose in an organization's MCS is a laborious process. This implies that perseverance is a key factor. Second, our results suggest that organizational purpose must be operationalized in ways that are tangible for employees. The purpose should be articulated as an explicit statement, and should be operationalized in the MCS in ways that are understandable to employees. Third, we find that organizational purpose has the ability to spur organizational commitment and employee engagement. Potential consequences for organizations may be reduced turnover, higher level of innovation, and enhanced employee performance. However, our findings suggest that organizations may face a challenge in making employees' commitment to the purpose cascade from upper management down to lower hierarchical levels.

# SNF



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