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ORGANIZATIONAL PURPOSE: HOW IT TRANSLATES INTO STRATEGIC PRACTICES  
FOR SMALL-SIZED ENTERPRISES WITHIN THE CONSUMER GOODS INDUSTRY

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## ***Abstract***

On a global level, the consumer goods industry has been transforming as the market perception praises purposeful and meaningful actions in many sectors of society. Following a qualitative method, the present study aims to discuss whether small and micro-sized businesses in this industry are able to generate concrete strategic actions in line with their purposes. Currently, small enterprises make up a significant majority of the business population, and the potential for study in the field is vast. Hence, by clustering different CEOs' perspectives on organizational purpose and purpose-driven leadership, the research results provided the conception that these company size categories can indeed build solid practices internally such as externally when connected with purpose at the core of their strategy. Finally, a model, based on the grounded theory methodology, aggregated the findings. Furthermore, limitations and opportunities for future research were discussed.

**Keywords:** Management, organizational purpose, small businesses, consumer goods, strategic practices

# Table of Contents

<b>1. Introduction .....</b>	<b>3</b>
<b>2. Literature Review .....</b>	<b>4</b>
2.1 Definition and Dimensions of Organizational Purpose .....	4
2.2 Purpose-driven organizations .....	5
2.3 Purpose-driven Leadership .....	6
2.4 Purpose-driven Companies in the Consumer Goods Industry .....	7
2.5 Purpose in Small and Micro-Sized Companies .....	9
<b>3. Methodology .....</b>	<b>10</b>
3.1 Grounded Theory.....	10
3.2 Trustworthiness .....	11
3.3 The Sample .....	12
3.4 Data Analysis.....	13
<b>4. Findings .....</b>	<b>14</b>
4.1 Different perspectives on Organizational Purpose .....	16
4.1.1 Clear perspectives on Organizational Purpose .....	16
4.1.2 Misunderstandings on Organizational Purpose .....	18
4.2 Contextual changes in Senior Leadership and its impact on Organizational Purpose .....	19

4.2.1 Executive board changes .....	19
4.2.2 Purpose development passing leadership through generations .....	20
4.3 Development of purpose-driven Strategic Practices.....	20
4.3.1 Internal Strategic Practices on behalf of Purpose .....	20
4.3.2 External Strategic Practices on behalf of Purpose .....	22
<b>5. Discussion .....</b>	<b>22</b>
5.1 The Model .....	22
5.2 Limitations and Future Research .....	24
<b>6. Conclusion .....</b>	<b>25</b>
<b>7. References.....</b>	<b>26</b>
<b>8. Appendix.....</b>	<b>29</b>

## List of Abbreviations

OP – Organizational Purpose	CG – Consumer Goods
CGI – Consumer Goods Industry	PDL - Purpose-driven Leadership
SL – Shared Leadership	FMCG – Fast-Moving Consumer Goods
SB - Small Business	GT- Grounded Theory

## List of Figures

Figure 1: Data Structure.....	19
Figure 2: Model.....	23

## **Introduction**

Nowadays, the consumer approach to companies transformed and has been currently developing towards purpose-oriented valorization. While diverse industry sectors catalyzed enormous progress, they still struggled to address deeply vexing issues. (McKinsey & Company, 2020).

Organizational Purpose goes beyond its definition. It reflects the importance people attach to the company's work and gets at the deeper reasons for an organization's existence beyond just making money (Spence & Rushing, 2009, p. 9). Although recent studies revealed that even if organizations do manage to define their purpose well, they often don't properly translate it into action. In those cases the purpose becomes nothing more than nice-sounding words on a wall (Malnight & Buche, 2019).

In this way, the present research aims to answer the following question: Are small and micro-sized companies in the consumer goods industry able to generate concrete purpose-driven practices?

Recognizing that small businesses configure the mass of the world's business population (Hutchinson, 2018), the research first-hand motivation is to deep dive into the small businesses' environment and open doors to understanding those companies reality and limitations. Also, the industry focus was chosen due to its vast presence in the small businesses world and relevance considering the close contact with the final customer.

After acknowledging the existing articles and working in extensive data collection through interviews, the information was structured following the grounded theory methodology, thus, allowing to build a model distinguishing the data collected in key aggregated dimensions and its correlations. That will further facilitate the understanding of the findings and draw conclusions.

## **2. Literature Review**

This section will summarize the current studies on Organizational Purpose and its dimensions.

Moreover, it will address, even with the rare academic literature on the theme, how purpose is embedded in the Consumer Goods Industry and the questioning of its impact on small and micro-businesses within this sector.

Therefore, an investigation on the value Organizational Purpose has on the corporate world will be initiated with the objective of understanding further the perceptions this specific industry and company size category have on the theme.

### **2.1 Definition and Dimensions of Organizational Purpose**

According to the existing literature, whether collective or individual, purpose represents the “why” of our actions and efforts. And, more importantly, it specifies our contribution to this world and to the society in which we live (Rey et al., 2019, p. 4). It shapes strategy, inspires people, engages customers and community, steers choices at moments of truth, and is fully embedded in the company’s culture (McKinsey & Company, 2020). To better comprehend Purpose itself, it is crucial to acknowledge that it goes far beyond a simple definition; it has the power to convey impactful outcomes for individuals and companies that choose to adopt meaningful actions at its core.

A sense of Purpose is not easy to hand over since it does not follow a linear logic or framework. Although, recent studies composed three clear dimensions in what it can be translated: Knowledge, Action, and Motivation. The first dimension, knowledge, represents the explicit understanding members have about an organization’s purpose. The second, action, reflects the practical fulfillment of purpose. And finally, motivation, the most intimate side of the purpose, is represented by the deep needs found in every one of us (Cardona et al., 2019, p. 33). Lastly, each of those dimensions will be further discussed in the next topic when addressing purpose implementation, integration, and internalization in organizations.

## 2.2 Purpose-driven Organizations

According to Cardona et al. (2019, p. 4), the fulfillment of personal purpose within organizational purpose is the essence of truly purpose-driven organizations.

At the present times, the view on purpose shifted from the organization to the role of the organization in society (Hollensbe et al., 2014). Purpose-driven companies became a tendency, and between their stakeholders, broad discussions about the topic are getting relevance around the globe. Themes emerged, such as meaningfulness, transcendence, and contribution to society, in terms of solving societal problems which can be seen as aspirational (van Ingen et al., 2021, p. 3).

An increasing number of large corporations worldwide connected to technology seems to be embracing purpose. An example of that is Google, whose purpose is to ‘organize the world’s information and make it universally accessible and usable’ or even Amazon, ‘Earth’s most customer-centric company’ (Moreira Pinto, 2020).

However, not every organization views purpose as an all-encompassing ideal. Some consider it merely a tool to advertise who they are and what they stand for to capture more market share (O’Brien et al., 2019). Considering this statement, a question is raised: what is the difference between a truly purpose-driven company and one that only uses purpose for its benefits?

O’Brien et al., (2019) clarifies that what separates purpose-driven businesses from the rest are longevity and authenticity. Companies that lead with purpose and build around it can achieve continued loyalty, consistency, and relevance in the lives of consumers. Those that fail to identify and articulate their purpose may survive in the short term, but over time, people are likely to demand more. Purpose-driven companies may grow faster than its competition for having a brand ideal - a goal of improving its employees lives and raising customer satisfaction (Stengel, 2011).

Notably, we can see the purpose phenomenon is real when only 7 percent of Fortune 500 CEOs believe their companies should mainly focus on making profits and not be distracted by social goals (McKinsey & Company, 2020) . The way of viewing enterprise’s role in society evolved and keeps changing fast.

Therefore, as mentioned previously, to reach the maximum outgrowth, purpose development needs a three-dimensional approach, integrating simultaneously knowledge with motivation: internalization, knowledge with action: implementation, and motivation with action: integration (Cardona et al., 2019, p. 37). Considering the daily life of a purpose-driven organization, each dimension should evolve interdependently and simultaneously. It shows how those companies, according to Cardona et al., (2019, p. 39), connect “everything to every-thing,” because they connect everything to purpose.

### **2.3 Purpose-driven Leadership**

In a fast-changing world several high-growth companies use purpose to stay relevant (Malnight T, Buche I, 2019). And most of them seem to have built their trajectory following purpose-guided leaders.

According to Hong et al., (2021), leaders are selected based on their commitment to the purpose and mission of the organization.

In the book, Purpose-driven Organizations, Cardona et al., (2019, p. 59) states that humans need leadership for personal fulfillment and to reach their full potential. The book reinforces that purpose-driven leadership releases a greater potential of human capacity, helping individuals reach higher satisfaction and meaning at work.

Commonly, to reach the mentioned expected outcomes, PD leaders pursue a shared leadership mindset. Shared leadership is a system of mutually influential interactions in groups at different levels with the aim of achieving a collective goal (Vallaster, 2004). In other words, Shared leadership combines the best of each leader’s abilities so that a broad base of knowledge may be drawn from to help an organization take



the right steps (Klasmeier & Rowold, 2020). Considering the individual level, the measurement of shared leadership is the extent to which an individual team member perceives and accepts the leadership influence of his/her peers (DeRue & Ashford, 2010). On the other hand, team-level shared leadership is an emergent team property that results from the distribution of leadership influence across multiple team members (Carson et al., 2007).

In addition, the organizational process theory emphasizes that the role of shared leadership in balancing conflicting goals while translating organizational purpose and mission into organizational learning routines (Salvato & Rerup, 2018). Finally, teams in which the members influence each other towards a common goal may be better able to accomplish their goals and meet performance expectations. Moreover, teams with high levels of shared leadership can develop more novel ideas and suitable solutions for complex problems (Klasmeier & Rowold, 2020). In this way, according to Klasmeier & Rowold (2020), SL proves to be the right approach to purpose-driven enterprises.

## **2.4 Purpose-driven Companies in the Consumer Goods Industry**

Recent studies on the field show that businesses that are using purpose to create deeper connections with consumers, do more for the communities with which they work, attract and retain talent, and in the process, are achieving greater results and impact (O'Brien et al., 2019).

In the Consumer Goods industry, the focus of our study, it is no different, the approach of several enterprises follows this tendency. Even though the industry still faces major waste problems, the potential areas for improvement are extensive. As stated by Lacy et al., (2020), driven by rising concern for reducing waste, companies have launched initiatives to use less plastic packaging or plastic design packaging for easier reuse, recycling, or composting. All in order to reduce plastic consumption (Lacy et al., 2020).

FMCG companies like Unilever, Nestlé, and Danone have all set targets for 100% of their plastic packaging to be fully reusable, recyclable, or compostable by 2025 (*New Plastics Economy*, 2021).

This phenomenon between the consumer goods companies is part of purpose-related trends that the industry has been deep-diving in during the past years. According to the article *The Future of Purpose* (*The Future of Purpose - TrendWatching*, 2021), three trends are fueling the quest for a more ethical and sustainable consumerism: First, **Sustainability as a Service**: Consumers are embracing services that allow them to track and reduce their planetary impact. Second, **Open-Source Solutions**: Smart brands open-source their most purposeful work. And lastly, **Code Breakers**: Consumers look to brands to break their brand or industry code in the name of ethics or sustainability.

In many ways, the FMCG industry is leading the shift to a circular economy, already implementing circular initiatives, for example, to minimize water and waste usage. Typical production processes, however, are still resource intensive (Lacy et al., 2020). “With a truly circular product or process, there will be absolutely no waste, just like in nature,” notes Virginie Helias, Chief Sustainability Officer at Procter & Gamble (P&G), US multinational consumer goods company. Those actions go clearly beyond a profitability perspective, they impact the consumer and society in powerful ways. As portrayed, the sector has been evolving into a purpose-driven and meaningful path.

Finally, in the next and last topic of our literature review, the small and micro-sized companies’ perspective will be shown, not necessarily in this industry sector, but in general in order to contextualize their reality and raise focuses of discussion before deep-diving into the research question later on: Does Small and Micro-sized companies, entitled purpose-driven organizations, in the consumer goods industry, generate any strategic practices toward purpose?

## 2.5 Purpose in Small and Micro-sized Companies

First contextualizing the relevance of small enterprises, in many countries across the globe, small businesses make the significant majority of the business population (Hutchinson, 2018). Small businesses are those that keep within a specified low-volume range of revenues, assets, and employees (Amadeo & Estevez. Eric, 2021). Because each industry creates its own miniature economy based on what the businesses offer, the small business definition differs in each industry (*What Is a Small Business*, 2019). Although considering the data provided by the Economic Co-operation and Development Organization, a company from 10 to 50 employees are considered small and micro if it counts with fewer than 10 employees (OECD, 2021).

Considering that smaller firms are often founded on a particular product or technical skill of the owner, personalized as opposed to administrative approach to management is often adopted (Birley et al. 1999). Small firms also exhibit complex attitudes, behavior, and decision-making, depending on the personality of the owner-manager, where the responsibility for decision-making resides (Hutchinson, 2018, p. 19). In this way, leaders that believe in the power of meaningful actions, in the small companies' context, are on the right path to building impactful purpose-driven companies. An important fact, those leaders may reach results much faster than in large businesses taking into account the facilities of communication and alignment regarding the size. Moreover, when a company is truly connected to its purpose, ordinary employees can do extraordinary things (Cardona et al., 2019).

Lastly, an increasing number of leaders in small and micro companies seem to be evolving their beliefs toward purpose and purpose-driven leadership. Through this study, discussions will be raised in order to conclude if concrete practices can be generated by those companies within the consumer goods industry.

## **3. Methodology**

### **3.1 Grounded Theory**

Based on the ‘Research Onion’ metaphor, provided by the article “The layers of Research Design”, this study divided its research phases into interdependent layers.

According to Saunders & Tosey, (2013, p. 58), researchers can choose to use a single data collection technique and corresponding analysis procedure. With the purpose of answering the main question of this study in the clearest and trustful way, the mono method qualitative design was selected as the methodological choice, followed by the strategy of Grounded Theory. The GT was chosen to answer the main question of this research because it allows the prevention of pre assumptions and brings a more neutral perspective when understanding human action in a collective context (Simmons, 2006).

According to the academic literature, the essence of Grounded Theory methodologies is engaging a phenomenon from the perspective of those living it (Corley, 2015). Important to highlight that the method is not related specifically to the type of data used, it is related to the process of building a theory. It is about looking for patterns of behavior that explain a main concern in order to examine the phenomenon (Corley, 2015, p. 601). To figure out patterns in the data allow us to surface concepts and relationships that might escape the awareness of the informants, and enables the formulation of these concepts in theoretically relevant terms (Gioia et al., 2013, p. 17). What emerges is more than simply a description of “what” is happening—we get deep insight into “why” it is happening, and “how” it is happening, and “how and why” it is intimately connected with the contexts in which the researcher observes it (Corley, 2015, p. 602).

The Grounded theory method is divided into different phases. According to the article “What Grounded Theory Is: Engaging a Phenomenon from the Perspective of those living it”, the first phase is based on the collection of raw data to build the first-order codes. It is followed by the second-order themes and finally the final phase, the generation aggregate dimensions. The GT data structure will be represented in the findings of this research (Figure 1).

### **3.2 Trustworthiness**

The utilization of detailed transcription techniques, schematic plan of systematic coding by means of computer programs, as well as counting in qualitative research are the modalities to ensure rigor and trustworthiness (Gunawan, 2015, p. 11). This study used the QDA Mine Lite Program to code the data collected. To guarantee trustworthiness, credibility techniques such as prolonged engagement were used (Lincoln & Guba, 1985). To execute this technique, adequate amount of time was spent on interviews, listening, speaking, and questioning a range of people selected to this study. The objective was to become aware about the context, identify misconception and build trust. Techniques to ensure transferability, dependability and confirmability were also applied respectively (Lincoln & Guba, 1985). First, Thick description, where patterns were identified and detailed described based on the data collected in the interviews, to achieve external validity. Second, external audits, where an external researcher not involved in the research, in this case the professor advisor of this paper, was responsible for evaluating the accuracy and if the conclusions were supported by the data presented. And third, reflexivity, where every step and data constructed in the present research was carefully considered and conferred. Each technique was recognized and based on Lincoln and Guba’s book *Naturalistic Inquiry*.

Lastly, the result should be one that shows the dynamic relationships among the emergent concepts that describe or explain the phenomenon of interest and one that makes clear all relevant data-to-theory connections (Gioia et al., 2013, p. 22).

### **3.3 The Sample**

The study considered three main requisites for the sample: the company size, the industry, and the connection to a purpose. The size requisite was selected considering the narrow academic research on the theme related to small and micro-sized business and the opportunity for study in the field. Furthermore, the industry chosen was directly related to the first requisite (businesses size category) and its relevance. The consumer goods industry it's heavily present in the small business world, in this way allowing efficient data collection. Also, the close contact with the final customer admits a clearer understanding of the companies' perspective towards the market. This correlation between the two requisites aimed to enrich the study and generate relevant findings regarding OP.

For a better understanding of the theme, the initial step was based on theory building and data collection through interviews, intending to access the first-order concepts. After extensive research for small and micro-sized purpose-driven companies in the consumer goods industry via the professional network platform LinkedIn and also through word-of-mouth, **20 companies** fulfilling these requisites were selected.

Following the mono method qualitative design (for example, data collected through in-depth interviews, analyzed as narratives) (Saunders & Tosey, 2013, p. 59), a seven questions questionnaire was grounded with the purpose to guide the interviews and generate patronized information. The interviews targeted exclusively the CEOs of the selected companies. It occurred online via videoconference and took from 30 to 45 minutes. Each interview was recorded with the aim to be transcribed and capture all relevant details.

The sample companies were divided into two different countries in order to expand the perspectives of the study. The countries selected for the research were Portugal and Brazil. The selection was a convenience sample, considering language, cultural correlations and personal knowledge of both countries. In the sample, 13 enterprises were Portuguese, and 7 companies were Brazilian.

In summary, each CEO was asked to deep dive about his/her knowledge on purpose and the approach on their enterprises regarding this topic, factors as leadership styles and ways to engage employees were encompassed. Besides that, the challenges keeping purpose alive were also covered, and most importantly, the strategic practices inside and outside the organization generated for being a purpose-driven company, if any. The reader may find the structured interview script in the Appendix (Appendix A).

### **3.4 Data Analysis**

Following the initial step of theory building and data collection, was possible to reach the final layer of research design, the data analysis (Saunders & Tosey, 2013). As mentioned previously, the Gioia Method considers the various dimensions of abstraction. Those were chosen to better structure and analyze the outcome from the interviews. The data structure besides enabling to organize the data in a visual way, it also offers a representation of how the study developed from raw data to themes when conducting the analyses. This process is a key component of demonstrating rigor in qualitative research (Pratt, 2008, p. 482).

In the first step of the method, more specifically in the first-order concepts, the interviewees' statements from the transcriptions were taken into consideration and then, portrayed. They were divided into topics and grouped into categories according to their patterns. Some of the CEO's statements can be found in Appendix B to support the data structure.

After accessing the first-order concepts, second-order themes were thinking about the data theoretically, not just methodologically (Gioia et al., 2013, p. 21). So posteriorly patronizing the first-order concepts, concrete second-order themes emerged and enabled the clarification of the phenomena by capturing the significance of the first-order concepts.

Lastly, following this second-order themes analysis, aggregate dimensions representing abstraction in its higher level were generated. They are the most effective path to describe this research. There are three aggregate dimensions represented in Figure 1.

## **4. Findings**

By means of extensive academic research and data collection through interviews, was possible to build a model (Figure 1) following the Gioia Method. The model provided a structured view of the data showing the various dimensions of abstraction of this qualitative research, facilitating, in this way, the analysis of the outcome from the interviews. It was possible to identify 13 first-order concepts that were further categorized in 8 second-order themes and finally in 3 aggregated dimensions. Each dimension synthesizes key findings and in this research, they work like a funnel, wherefrom the first to the third dimension it's possible to go deeper into the theme as the dimensions follow.

The first dimension presents the general knowledge and perceptions on what is purpose and OP considering the statements of the CEOs in this specific segment: Small and micro-sized companies in the consumer goods industry. This dimension is able to give a clear overview of how the knowledge can vary on the topic depending on how connected the company is to its own purpose. Even if they are classified as small businesses, it shows how outstanding truly purpose-guided companies are in comparison to the others with the same specificities, but that doesn't apply purpose in its core. It was possible to identify



several misunderstandings on what purpose is during the interviews. Furthermore, despite the results, it is important to note that all the companies interviewed considered themselves to be purpose oriented.

The second dimension occurs going deeper in the first dimension, particularly considering the companies that have a clear understanding of Purpose and connect it to their core. The dimension presents the findings regarding the challenges faced to keep the organizational purpose alive. Different types of challenges were identified. They are divided into two second-order themes, the first broader than the second, which introduces the challenges of maintaining purpose alive when changes in the executive board occur, in other words, how different leaders may impact and change the purpose of an organization. The second theme, widely recurrent in the reality of small and micro companies, talks about how purpose evolves passing leadership through generations, otherwise speaking, how the organizational purpose changes when passed from father to son.

Lastly, the third and final dimension dives into the second one, funneling companies that can trans pass the challenges and actually generate strategic practices on behalf of their organizational purpose. This dimension is seen as the most important since answers the main question of this study: “How organizational purpose translates into strategic practices for small-sized enterprises within the consumer goods industry?”. It is divided into two second-order themes, first one encompasses the internal strategic practices generated considering topics as employee engagement and purpose-driven leadership. The second one presents the external strategic practices generated, considering impactful and meaningful actions for the sake of society. In addition, more specific details about the findings will be further discussed in the following topics.

## 4.1 Different perspectives on Organizational Purpose

### *Clear perspectives on Organizational Purpose*

During the interviews, the first questions presented to the CEOs targeted their knowledge on purpose and more specifically their perspective on organizational purpose. This second order theme gathers convictions and statements from CEOs who claim to be purpose oriented. For Pedro Campos, CEO of the company The Question Mark, “Purpose is the impact objective of the company, not necessarily profit related, can be the impact in the quality of life of people inside and outside the company. It is the perception of how much impact you generate in the society and world. Purpose is a source of energy related to your capacity to generate impactful external actions.” The Question Mark is a Brazilian Foodtech startup that produces vegan and organic products. Pedro’s company is part of a startup incubator, located in São Paulo - Brazil, aimed at purpose-driven small businesses. Each entrepreneur there believes in the power of purpose and lives it on a daily basis. The question Mark Purpose is “To deliver healthier food and generate social and environmental awareness.” Donald Cash, an executive who once led Danone Nutricia in Latin America, was one of the project's angel investors.

Following more statements, now from a small company called Listen to my Lips in the Portuguese market: “Purpose is about something unique you can do that contributes with the society”. Sofia Mirpuri, the founder has a hearing deficiency condition and during the Covid pandemic, she identified a huge barrier to deaf people's communication due to the essential use of masks. “*Listen to My Lips* was born with the purpose of turning the world into a more inclusive place during the covid pandemic. The company product is a regular mask but with a resistant transparent material in front of the lips in order to facilitate lipreading. The masks helped deaf people to be inserted in society again, but also started to be a huge success between companies (that started to order hundreds of masks to its employees) and older people.”

Other relevant knowledge sharing regarding purpose came from a second-handed clothes brand. Retry is a company, just like *Listen to My Lips*, that was born with a strong purpose at its core. Daniela, the owner, states that: “Our biggest purpose is to be able to change people awareness related to consumption recovering clothes that people don’t use anymore. This purpose fights to reduce fast fashion. Nowadays the industry emits many pollutants and there are many cases related to slavery. In 2030 we won’t have the same quantity of water we have nowadays, and people don’t know about that. Today a problem exists, and we can try to reduce the problem. With small actions, we can change the reality in the future”. Lastly, another strong statement came from Funky Chunky Cookies, a Portuguese company that specialized in the production of American cookies.

“Purpose goes beyond profits, is about something bigger, for example, make people happy, spread knowledge and positive impact. My purpose as a company is to bring happiness and fun to people’s lives. Who is sad when eating a cookie? The store environment is made to bring happiness to the customer from the moment he enters the store, to the moment he leaves.” Sofia, the owner, shows that is possible to be a purpose guided company doesn’t matter the type of products you produce.

From what could be inferred from the interviewees’ statements and considering the *Leadership and Small Businesses* article from Hutchinson (2018, p. 19), was possible to observe that small firms indeed exhibit complex attitudes, behavior, and decision-making, depending on the personality of the owner-manager. The decision-making process is completely related to the CEO’s beliefs. Besides that, as stated previously according to Cardona et al. (2019, p. 4), the fulfillment of personal purpose within organizational purpose is the essence of truly purpose-driven organizations. This shows the reason why the companies represented here outstand from other interviewed companies.

This second-order theme shows how deep can be the organizational purpose knowledge and valorization within small and micro-sized companies, although that’s not the reality for all the interviewed companies,

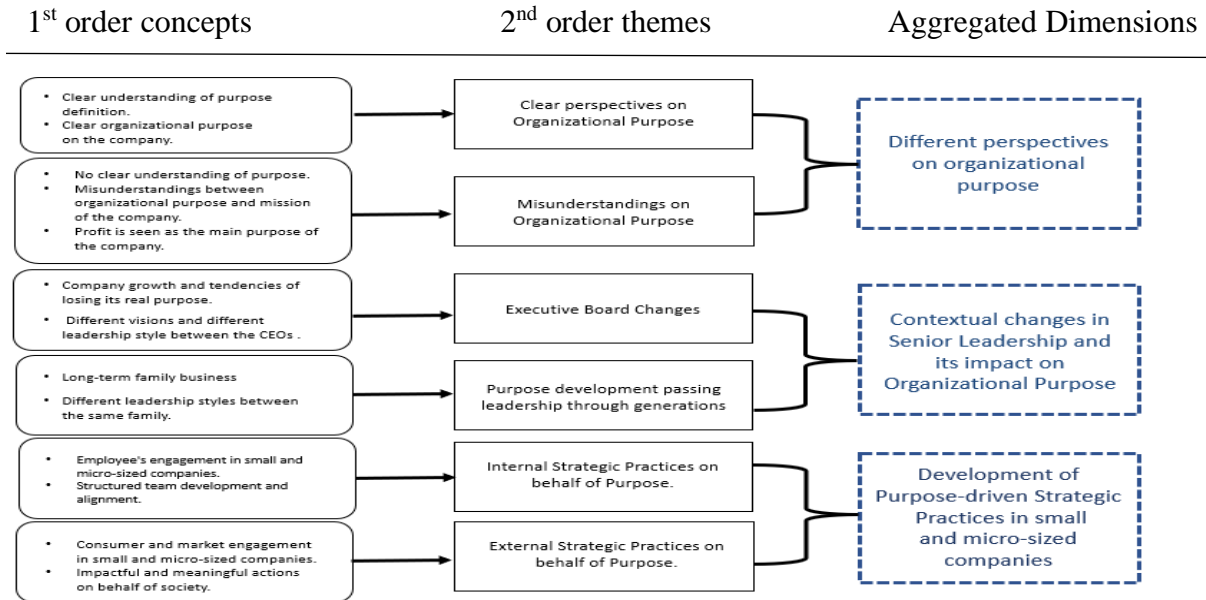
in the next second-order theme a different reality, based on the interviews, will be portrayed. The remaining quotes are available in Appendix B.

### *Misunderstandings on Organizational Purpose*

Purpose can be an abstract theme and some misunderstandings were noticed when interviewing the CEOs. Before proceeding with these findings is important to highlight that all the interviewed companies considered themselves purpose guided. The objective of this second-order theme is to suggest a brief comparison between those enterprises that had a clear understanding and application of purpose in their core and the others that didn't.

José Mauro, the owner of *Cervejaria Visconde de Mauá*, a small Brazilian beer company, stated that “purpose is about having an idea or bigger objective and accomplish goals until this idea turns into reality”. Another statement came from Tuca Toy, a Brazilian toys company. For Mona, purpose is about your main objective. “What problem I am going to solve with my company?” She also believes the purpose of a company can change to adapt to the market. Lastly, two small Portuguese jewelry companies mentioned that purpose “is put into practice your objectives” and “the daily motivation the company needs to have.” None of the definitions above can be considered incorrect, although they portray shallow pieces of a topic that is extremely deep. The interviews provided an understanding that the knowledge of the CEOs on purpose may directly reflect on the organizational purpose of their companies and consequently deliberate on how truthful and effective it is in the business context. Considering the sample interviewed, the CEOs with deeper knowledge on purpose showed better performance regarding real and positive impact inside and outside the company.

Figure 1 - Data Structure



## 4.2 Contextual changes in Senior Leadership

### *Executive Board changes*

Through this study was also possible to identify two main challenges perceived among the interviewed companies in order to keep purpose alive. This second-order theme refers to the CEOs' perceptions regarding changes in the executive board of the company, in other words, when changes occur in the leadership positions.

Pedro Campos, one of the interviewed CEOs stated, “True purpose comes from the inside-out, not the outside-in as most companies do. As long as there is no awakening of purpose within the person, it is not alive. Purpose is like a seed that needs to blossom. Awakening consciousness in the leadership team is one of the biggest challenges. It is a long journey and is very easy to lose the real purpose while the company is growing. At the beginning of the journey, the founders are the guardians of the journey, but when the company starts to grow, it’s easy for the new team of leaders to go in a different direction. The purpose needs to be alive independent of the founder or not.” Similar

perceptions came from Daniel and Daniela, CEOs of the Portuguese companies *Ponte Vertical*, and *Retry* respectively, and also in other small companies. In this way, one more important pattern was noticed.

*How purpose evolved passing leadership through generations.*

Between the interviewed companies the presence of familiar businesses was perceived. In the small and micro businesses world, is common to find companies that surpass generations. Different from the previous second-order theme, this one refers to changes in the leadership in the relatives' perspective.

For Rafaela, current CEO of Eugenio Campos Jewels and daughter of the founder, purpose is about the "daily motivation the company needs to have." Considering her interview, she believes that maintaining the purpose of her father alive, in her case, wasn't a challenge because they were both aligned and nowadays, she believes it even improved because of strategic practices implemented. "Our purpose is to bring happiness to women's lives through jewelry". Although she admits that if the son is not aligned with the father's purpose, this can be a relevant issue to keep it alive.

That's the case of Tuca Toy, a small Brazilian toy company. For Mona, the manager, and daughter of the founder, "purpose is about your main objective, but it can change to adapt to the market." This definition besides not translating most accurately what purpose should be shows that her strategies could be focused in adapt and survive in the market following her father's original purpose or not. This doesn't mean right or wrong, means a possible mismatch between the two parties.

### **4.3 Development of purpose-driven Strategic Practices**

*Internal Strategic Practices on behalf of Purpose*

The final and perhaps deepest dimension may have the answers for the key question of this study: Are small and micro companies in the consumer goods industry able to generate practices in line with their purposes?

This second-order theme encompasses the internal strategical practices that some companies in the sample were able to generate. Factors as employee engagement and alignment, for example, were considered.

Within the Brazilian company, *The Question Mark* weekly meetings of one hour called *Liderança Humana* (Humanized Leadership) aim to exercise human evolutionary values, for example, to practice patience, or how the development of individual virtues. So, the employees have the opportunity to experience mindful concerns.

Another example of practice to engage the employees to believe in the company's purpose comes from the Brazilian company P&A Uniformes. Adonis created a simple bonification system including extra amounts of money to the salary for those who suggest improvement ideas to the processes of the company. Also, he created a quality area aligned to the purpose of the company (Create high-quality uniforms that provide comfort to spend the school/work hours in the best way possible and valorize people) to avoid failure in the clothes. Considering the KPI regarding quality, he observed that the most aligned the employee is to the OP, the least mistakes happen when confectioning a product. Adonis also tried to implement an individual performance evaluation process, but without success. This attempt created conflicts in the environment of his small company, so he abandoned the idea.

Lastly, one of the most relevant internal practices identified among the interviewed companies was the *Board Consciente* (Mindful Board). In this meeting, also from The Question Mark company, the purpose-related results are discussed, not the financial results. "How are we performing?". Challenges, employee's engagement, shared leadership performance, planning of mindful actions, and its results are all considered topics.

### *External Strategic Practices on behalf of Purpose*

The last second-order theme describes the external strategical practices generated towards OP. External practices can be translated as actions that benefit not just the company but impacts society in a positive and unique way.

The Portuguese company *Retry*, for example, donates to Portuguese institutions second-handed clothes that can't be put on their website. The company also participates in two different projects. The first project in Guimaraes was to raise awareness among young people about reutilization, how to take care of clothes, and make your clothes last longer. And the second project in Cascais to support recycling. The winners of the project proposed activities can win a gift card from *Retry*.

Another interviewed company with strong external actions towards OP is *Eugenio Campos Jewels*. They developed *Jewels* supporting the breast cancer cause and a % of the revenue went to Portuguese institutions that help women facing this problem. The company also partnered with Dom Joao Hospital during the covid pandemic producing solidary neckless and converting the money to help covid patients in the hospital. One last relevant practice was the sponsoring of “*Prêmios Sofia*” to support the culture in Portugal that was especially affected during the pandemic.

Those and many other strategic practices are made by the selected companies in the sample. All those findings created an open field for questions that will be further discussed in the next topic.

## **5. Discussion**

### **5.1 The Model**

Considering the data structure developed previously, a model following the basis of the grounded theory was built (Figure 2). The model purpose is to translate the dynamic behind the phenomenon. It represents the correlations among the dimensions that arisen in the data structure.



The model starting point is based the first aggregated dimension: “Different perspectives on Organizational Purpose”. As stated previously, it was a consequence of how interviewees defined Purpose in a general perspective and Organizational Purpose in their companies.

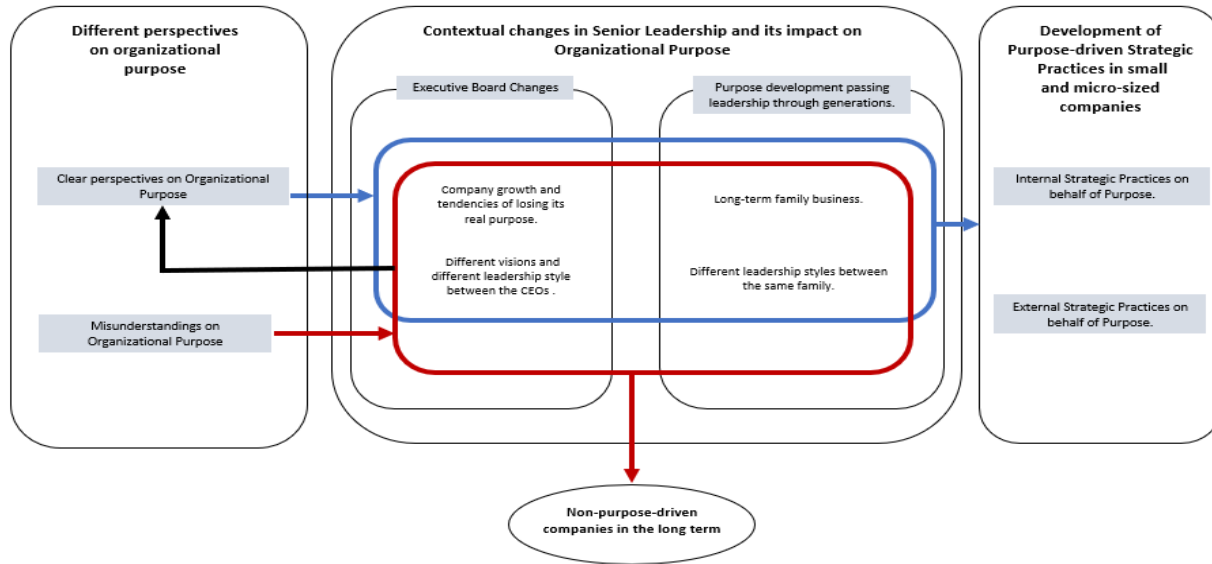
The different perspectives on OP directly impacted the way companies react to the second aggregated dimension: “Contextual changes in Senior Leadership”. This dimension demonstrated the main challenges the sample companies faced in line to keep their organizational purpose alive. Following the model logic, the businesses categorized with no clear understanding of their organizational purpose could follow 2 distinct paths. The first path characterized enterprises that weren’t able to overcome contextual changes connected to the executive board, those being generational related or not. In this case, the model indicated the abandonment of organizational purpose in the long term and consequently no development of purpose-guided practices. On the other hand, the second path demonstrated companies that even without a clear understanding of their OP, learned in the process and came back to the start point of the model, the first dimension. However, this time as companies with a clear awareness of their purpose.

Subsequentially, the businesses already categorized with a clear understanding of the theme, since the starting point, were able to overcome the challenges presented and follow to the third and final dimension of the model, the development of purposeful practices.

The final point of the model highlighted the main question of this study: Are small and micro-sized companies in the consumer goods industry able to generate strategic practices in line with their purposes? Summarizing the findings, the model indicated that those companies with a clear understanding of their OP were able to overcome the contextual changes in their executive board more easily and with a higher chance of success than those with no clear understanding. Truly purpose-driven enterprises were able to generate concrete strategic practices such internally as externally. Internally meaning mainly employee’s engagement related, and externally benefiting not just the company but impacting society in a positive

and unique way. Examples of internal and external purpose-oriented practices can be found in the Appendix (Appendix C).

Figure 2 - Model



## 5.2 Limitations and Future Research

Introducing the limitations of this research, small-sized companies can be precisely specific and not follow patterns since their purpose core depends heavily on their leader’s capacity of imparting the knowledge and motivation in his beliefs.

Other limitations were found considering the rare academic literature on the field. A significant number of studies encompass Organizational Purpose but never assume small enterprises' reality. Therefore, future research may focus on the possibility of creating guidelines to help small companies and even the large ones incorporate purpose into their strategy and culture.

Additionally, small businesses should be aware of the fast development of the consumer goods Industry towards valorization of purposeful and meaningful actions and find out effective ways to be inserted in this context just like larger companies in the category. “Every company must not only deliver financial performance but also show how it makes a positive contribution to society.” (*Larry Fink CEO Letter /*

*BlackRock*, n.d.). And precisely, the only way to bridge a purpose gap is to embed your reflection, exploration, discussion, and action in the heart of your business and your organization (McKinsey, 2020).

## **6. Conclusion**

When a company effectively implements purpose, it can be seen in the contributions it makes to society and the people around it (Cardona et al., 2019). Purpose implementation is the connection between the knowledge of purpose and the action (Cardona et al., 2019).

In this way, intending to answer the research main question: “Are small and micro-sized companies in the consumer goods industry able to generate purpose-driven practices?” interviews were conducted and acknowledged several perceptions, further allowing a clear understanding of the findings through a grounded theory model (figure 2).

Overall, the results suggested that small and micro-sized companies, even with limitations, can indeed generate strategic practices and concrete outcomes in the consumer goods industry despite their size. Although their knowledge of purpose and power to overcome challenges and act will define the potential of accomplishing this goal or not.

This study aimed at contributing to the existing literature on organizational purpose and to serve as introductory research for future guidelines on how companies can incorporate purpose into the core of their business strategy.

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## 8. Appendix

### Appendix A: Interview Questions



#### Interview Questions

**Topic: How Organizational Purpose translates into strategic practices for small-sized enterprises within the consumer goods industry.**

Observation: The interviews are directed to the CEOs of the companies.

- 1) What is Purpose for you?
- 2) What is your Purpose as a company and how does it link with your capacity to make a distinctive contribution to the world?
- 3) From your point of view, how do the employees interpret the Purpose of the company?
- 4) How is Purpose applied in your company? How do you engage the workforce to believe in the company's Purpose?
- 5) How does your Purpose as a company translates into practice in the daily routine of the organization? (Example: Key performance indicators; performance evaluation process; Incentive and bonus system)
- 6) What are the adversities faced incorporating Purpose on the organizational environment?
- 7) In your opinion, what are the implications for a company without Purpose?

### Appendix B: Interviewed Companies per country

Portuguese Companies
Listen to my Lips
Laura Var Cosmetics
Funky Chunky Cookies
Framboesas
Ponte Vertical
RETRY
Eugenio Campos Jewels
Torster & Torster
Royal Way
Dicci
Matoli Gelatto Artesanal
Madre Perola
PorQueRaio

Brazilian Companies
Tuca Toy
P&A Uniformes
Armazém do Visconde
The Question Mark
GFoodTech
Sabrina Cotrim Doce Designer
Cervejaria Visconde de Mauá

### Appendix C: Aggregated Dimensions Quotes

Aggregated Dimensions Quotes		
First Dimension	Second Dimension	Third Dimension
"Purpose is about something unique you can do that contributes with the society".	"The biggest challenge is to keep the company purpose alive after the years with the change of leadership and challenges of the market (covid pandemic, for example)."	"Project in Guimaraes raise awareness between young people about reutilization, how to take care of clothes and make your clothes last longer."
"Daily motivation the company need to have." "Reason why we work"	"The company started years ago with my father and the alignment between employees could be improved. One of the challenges is to keep the purpose alive after all these years and changes in the leadership from father to siblings."	"Project in Cascais supports recycling made a partnership with our company. The winners of the project can win a gift card of our store."
"Purpose is about having an idea/bigger objective and accomplish goals until this idea turns into reality."	"The purpose needs to be alive and not depend exclusively on the founder, that's a big challenge."	Liderança Humana (Humanized Leadership): "weekly meetings of one hour to exercise human evolutionary values. The employees have the opportunity to experience mindful concerns."
"Purpose is about your main objective." "What problem I am going to solve with my company?"	"I believe the covid pandemic made the motivation to follow the company's purpose hard to reach. Sometimes I stopped believing in this purpose."	" We partnership with Dom Joao Hospital during the covid pandemic to produced solidary neckless and convert the money to help covid patients in the hospital."
"Purpose is the impact objective of the company, not necessarily profit related, can be the impact in the quality of life of people inside and outside the company. It is the perception of how much impact you generate in the society and world. Purpose is a source of energy related to your capacity to generate impactful external actions."	"True purpose comes from the inside-out, not the outside-in as most companies do. As long as there is no awakening of purpose within the person, it is not alive. Purpose is like a seed that needs to blossom. Awakening consciousness in the leadership team is one of the biggest challenges. It is a long journey and is very easy to lose the real purpose while the company is growing."	Boarding Consciente (Mindful Board): "The results discussed in this board are the results of the purpose of the company, not the financial results. Challenges, Planning and Results are discussed in this meeting."

**Important Note:** The image doesn't present all the quotes of this study. If necessary, the other quotes not presented in this document are available for further studies.



## Appendix D: Interview Example

### Interview Transcription

**Company name: The Question Mark**

**Country: Brazil**

**Notes:** The Question Mark is a consumer goods company that produces healthy and organic yogurts with a sustainable packaging. Pedro Campos is the CEO of the company. The company counts with 3 founders and 6 employees.

1) What is Purpose for you?

For Pedro "Purpose is the impact objective of the company, not necessarily profit related, can be the impact in the quality of life of people inside and outside the company. It is the perception of how much impact you generate in the society and world. Purpose is a source of energy related to your capacity to generate impactful external actions." **One Goal:** Expand to Portugal. Start in the European market.

2) What is your Purpose as a company and how does it link with your capacity to make a distinctive contribution to the world?

**Company Purpose:** To deliver healthier food and generate social and environmental awareness.

"We hope to contribute to the world by raising awareness of importance of eating consciously, incentivizing society by using in our products not only natural ingredients free of any preservatives, but by selecting the origin of the ingredients, selecting sustainable companies for both food and packaging. We use the most sustainable packaging available in Brazil."

3) From your point of view, how do the employees interpret the Purpose of the company?

"All the employees started to work in the company because they understand and believe in its purpose." Although The CEO believes that one of the challenges is to engage the employees to live the purpose. "They understand it, value it, but still is challenge for them to be part of a work environment with a purpose."

4) How is Purpose applied in your company? How do you engage the workforce to believe in the company's Purpose?

**Liderança Humana (Humanized Leadership):** weekly meetings of one hour to exercise human evolutionary values, for example: Practice patience, or how development of individual virtues. So, the employees will have the opportunity to experience mindful concerns.

**Boarding Consciente (Mindful Board):** The results discussed in this board are the results of the purpose of the company, not the financial results. Challenges, Planning and Results are discussed in this meeting. "How are we performing?".

5) How does your Purpose as a company translates into practice in the daily routine of the organization? (Example: Key performance indicators; performance evaluation process; Incentive and bonus system)

"I believe this question was answered accidentally in the previous questions, everything is interrelated in the end. My purpose translates in concrete practices when I choose the best quality and environment friendly packaging to my product, when I support the production of extremely healthy and nutritive food for my customers and also inside The Food Mark when I gather my employees to speak up, boost collaboration and develop together."

6) What are the adversities faced incorporating Purpose on the organizational environment?

"True purpose comes from the inside out, not the outside in as most companies do. As long as there is no awakening of purpose within the person, it is not alive. Purpose is like a seed that needs to blossom. Awakening consciousness in the leadership team is one of the biggest challenges. It is a long journey to make people believe in conscious capitalism, because it is very easy to get lost. It is easy to lose the real purpose while the company is growing. In the beginning of the journey, the founder are the guardians of the journey, but when the company start to grow, it's easy to the new team of leaders go in a different direction. The purpose needs to be alive independent of the founder or not."

7) In your opinion, what are the implications for a company without Purpose?

"Companies without purpose are unattractive to people that have a purpose." Pedro was an executive at Coca-Cola and decided to leave the company and start a meaningful business.

**Important Note:** The other interviews not represented in this document are available if necessary for further studies.

### Appendix F: Onion Research Model

