

THE HASKAYNE REPORT



Retaining Top Talent with a Purpose-Driven Organizational Strategy

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Years ago, the prevailing notion of organizational purpose was that corporations existed solely to maximize profitability and, by extension, returns for shareholders (Berman et al., 2020). Today, however, chasing the profit motive is an insufficient organizational purpose to satisfy key stakeholders. Over time, stakeholders, including employees, have come to recognize that corporations play a key role in society and have an obligation to maximize the triple bottom line of people, planet, and profit (Berman et al., 2020). In response to evolving stakeholder expectations, many corporations have developed purpose statements that are grounded in the organization's values and address the company's unique role in society. Having a well-articulated purpose statement is critical to increasing employee engagement as modern employees seek to perform meaningful work that makes a positive difference (KPMG, n.d.).

Unfortunately, many organizations have generic purpose statements that do not reflect the company's unique strengths and ethos, or they have not yet integrated the essence of their purpose statement into the company's culture and operations (Carlisi et al., 2017). Consequently, only 42% of employees say their organization's purpose drives impact (Gast et al., 2020) and only 28% feel connected to their company's purpose (Blount & Leinwand, 2019), despite 72% stating that purpose should be prioritized over profit (Gast et al., 2020). The gap between employees' expectations and their workplace experiences is part of why disengagement is rampant in the corporate world (Bulgarella, 2018).

For organizations that have a well-defined purpose, the purpose will not drive impact unless managers help their team members to recognize how their roles contribute to

the organizational purpose (Quinn & Thakor, 2018). Unfortunately, only 27% of leaders reported having conversations with their employees about the importance of their work (Schuyler & Brennan, 2016). As a result, employees struggle to see the value of their jobs, which leads to disengagement.

Today, more than ever, it is crucial for organizations to commit the time and resources needed to perfect their purpose statement and help employees at all levels of the corporation to embrace the organizational purpose. This is because companies are facing high recruitment costs and frequent disruptions to business operations due to above average levels of employee turnover during the “Great Resignation,” a voluntary mass resignation caused by the COVID-19 pandemic (Bolton, 2021). Fortunately, corporations can attract intrinsically motivated candidates to fill vacancies and reduce turnover amongst employees by leveraging their organizational purpose. Half of today’s workforce would accept a 15% reduction in pay to work for an organization with an inspiring purpose (KPMG, n.d.). Additionally, employees who feel aligned with their organization’s purpose are more willing to recommend their employer to others, which can help recruiters fill vacancies with top talent (Dhingra et al., 2021). From a recruitment perspective, highlighting organizational purpose through the employer brand will help corporations to differentiate themselves from competitors and attract candidates who are seeking meaningful work (KPMG, n.d.).

From an employee engagement and retention standpoint, employees who embrace the organization’s purpose are more engaged and loyal. In fact, Millennials are 5.3 times more likely to stay and non-Millennials are 2.3 times more likely to stay when they have a strong connection to their employer’s purpose (Schuyler & Brennan, 2016). Additionally, at companies with a clearly articulated

purpose, 63% of employees say they are motivated and 65% say they are passionate about their work, compared to 31% and 32%, respectively, at other companies (Blount & Leinwand, 2019). When employees are motivated and passionate, business results follow (Carlisi et al., 2017). Employee engagement partially explains why over 90% of organizations with purpose-driven corporate social responsibility initiatives experience growth rates and profitability at or above the industry average (Blount & Leinwand, 2019).

Giving employees a voice in defining and executing the organization’s purpose is key to helping them embrace the purpose (Eaton et al., 2021). Organizations can develop a purpose that resonates with their employees by holding structured interviews and focus groups (Fealy & Grise, 2020), but employees must also be able to influence the actions the organization pursues to live its purpose (Eaton et al., 2021). This can be achieved by forming employee “action committees” or inviting them to define success metrics (Eaton et al., 2021). When employees and leaders were willing to collaborate and share decision-making power in situations relating to the organization’s purpose, the companies saw a double-digit increase in their employee engagement scores (Fealy & Grise, 2020).

Once an organization’s purpose has been defined, embedding the purpose in all aspects of the talent strategy, from talent acquisition to total rewards, is necessary to create a purpose-driven culture (Schuyler & Brennan, 2016).

During recruitment, it is important to talk with candidates about the organizational purpose (Dhingra et al., 2020). Candidates who, during the interview process, frame their skills, experience, and values in the context of contributing to the organizational purpose are the ones who should be selected because they will be the most engaged and will seek

out opportunities to apply their skills for impact on the job (Schuyler & Brennan, 2016).

During onboarding, new employees should be encouraged to reflect on how the organizational purpose relates to their individual purpose (Dhingra et al., 2020). Encouraging employees to express personal values at work helps them to outperform their peers by a significant margin and increases retention by more than 30% (Dhingra et al., 2020).

Formal and informal learning opportunities should be leveraged to facilitate the development of behaviours that support the organization's purpose (Schuyler & Brennan, 2016). Training, coaching, and mentoring programs should also be designed to help leaders connect their employees' work to the organizational purpose (Quinn & Thakor, 2018).

Embedding purpose into the performance management process will hold employees accountable to acting in accordance with the organization's purpose (Schuyler & Brennan, 2016). To start the performance management process, leaders should co-create goals with their team members that align with the organizational purpose (Blount & Leinwand, 2019). During performance review conversations, leaders should provide feedback on how the employee's work and performance relate to the organization's purpose (Dhingra et al., 2020). If it is identified that employees are not acting in alignment with the organization's purpose, it is important to call out those behaviours and provide coaching to improve performance (Hay, 2020). To hold leaders accountable for embracing the purpose, some companies embed purpose metrics in managers' performance appraisals (Dhingra et al., 2021).

Additionally, some organizations embed purpose into their total rewards program by offering donation matching

incentives or compensating employees for volunteer hours (Schuyler & Brennan, 2016).

Ultimately, the organizations that will be able to attract and retain top talent are those that adopt a purpose-driven strategy and recognize their responsibility to make meaningful contributions to society.

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