Culture of Purpose — Building business confidence; driving growth
2014 core beliefs & culture survey
Eighty-two percent of respondents (executives and employees) who work for an organization with a strong sense of purpose say they are confident that their organization will grow this year, compared to 48 percent of those who do not have a strong sense of purpose. In addition, 81 percent of respondents working for organizations with a strong sense of purpose say their stakeholders trust their leadership team; 74 percent say their investors are confident in the company’s growth prospects over the next year.

Looking ahead, respondents who say their organizations have a strong sense of purpose are much more optimistic about their ability to stay ahead of industry disruptions (83 percent vs. 42 percent) and to outperform their competition (79 percent vs. 47 percent).

However, despite the advantages the research links to a strong sense of purpose, 20 percent of all respondents say that leadership fails to set an example for the rest of the organization by truly living the organization’s purpose.

Our survey results highlight the connection between a sense of purpose and the confidence required to sustain a successful business. The findings also reinforce the need for leaders to not only articulate that purpose but to visibly and consistently live by those standards every day.

Punit Renjen
Chairman of the Board
Deloitte LLP
The Deloitte Core Beliefs & Culture Survey is designed to explore the concept of workplace culture, defined by a set of timeless core values and beliefs, as a business driver. This year’s survey examines whether a strong sense of purpose leads to higher levels of confidence among stakeholders and drives bolder investments in growth-driving initiatives. Punit Renjen, chairman, Deloitte LLP, is the sponsor of this annual survey series.

This report presents the findings of an online study conducted within the United States by ORC International on behalf of Deloitte. The survey methodology included surveying a sample of 1,053 adults (300 executives and 753 employed adults) who are employed full time by an organization with at least 100 employees. The survey was conducted from February 21 through February 28, 2014.
Organizations can create a sense of purpose by serving all stakeholders

- When asked about activities that are part of the purpose of their organization, respondents most often cite providing business services and products that have a meaningful impact on customers (89%) and on society (84%).

- 77% say the organization’s purpose includes providing employees with education, experience and/or mentorship benefits.

- Acting as a corporate citizen through volunteering and contributions also can factor heavily in creating a sense of purpose.

How strongly do you agree that each of the following is part of the purpose of your organization (summary of strongly agree/agree)?

- Providing business services and/or products that have meaningful impact on clients/customers: 89%
- Providing business services and/or products that benefit society: 84%
- Providing employees with education, experience, and/or mentorship benefits: 77%
- Encouraging employees to volunteer: 74%
- Generating financial returns for our stakeholders/shareholders: 69%
- Donating money to non-profits: 59%
- Delivering pro-bono work and skills-based volunteerism: 50%
Purpose builds confidence in near-term growth

• Respondents who agree they work for an organization with a strong sense of purpose are more likely to say their organization recorded positive growth (81% vs. 67%) and outgrew competitors (64% vs. 44%) last year.

• Not surprisingly given their better past performance, 82% of respondents at organizations with a strong sense of purpose say they are confident their organization will grow this year, compared to only 48% of respondents at organizations without a strong sense of purpose.

How confident are you that your organization will grow this year?

Confident/Very Confident total: 82%

Note: 82% is percentage rounded from 37.4% very confident and 44.4% confident.
...and long-term prospects

- Looking ahead, respondents who say their companies have a strong sense of purpose are much more optimistic about the future prospects of their organizations.

- For example, an overwhelming majority of respondents (91%) whose organizations have a strong sense of purpose believe that their organization will maintain (or strengthen) its brand reputation and loyalty, compared to only half (49%) of those working at organizations without a strong sense of purpose.

In terms of your organization’s long-term prospects (5-10 years), how much do you agree or disagree with the following statements (summary of strongly agree/agree)?

<table>
<thead>
<tr>
<th>Statement</th>
<th>With strong sense of purpose</th>
<th>Without strong sense of purpose</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization will maintain (or strengthen) its brand reputation and loyalty</td>
<td>91%</td>
<td>49%</td>
<td>42% differential</td>
</tr>
<tr>
<td>My organization will deliver strong growth and returns</td>
<td>83%</td>
<td>49%</td>
<td>34% differential</td>
</tr>
<tr>
<td>My organization will stay ahead of industry disruptions</td>
<td>83%</td>
<td>42%</td>
<td>41% differential</td>
</tr>
<tr>
<td>My organization will remain (or become) the leader in its industry</td>
<td>80%</td>
<td>48%</td>
<td>32% differential</td>
</tr>
<tr>
<td>My organization will outperform the competition</td>
<td>79%</td>
<td>47%</td>
<td>32% differential</td>
</tr>
</tbody>
</table>
**Without purpose, confidence is wedded to financial factors**

- Respondents who work for an organization with a strong sense of purpose rank the following most often among the top three reasons for their confidence: commitment to delivering top quality products/services (65%), focus on long-term sustainable growth (55%), and clear understanding of organization’s purpose and commitment to core values (48%).

- In contrast, those who do not agree their organization has a strong sense of purpose most often rank these financial factors among the top three reasons for their confidence: focus on the bottom line (69%) and short-term returns (52%).

**What are the top 3 driving forces fueling your confidence in the growth prospects of your organization (summary of respondents indicating they are very confident/confident in their organization’s growth this year)?**

<table>
<thead>
<tr>
<th>Factor</th>
<th>With strong sense of purpose</th>
<th>Without strong sense of purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to delivering top quality products/services</td>
<td>65%</td>
<td>54%</td>
</tr>
<tr>
<td>Focus on long-term sustainable growth</td>
<td>55%</td>
<td>52%</td>
</tr>
<tr>
<td>Clear understanding of organization’s purpose and commitment to core values</td>
<td>48%</td>
<td>-</td>
</tr>
<tr>
<td>Focus on the bottom line</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commitment to delivering top quality products/services</td>
<td>-</td>
<td>69%</td>
</tr>
<tr>
<td>Focus on short-term returns/financial results</td>
<td>-</td>
<td>54%</td>
</tr>
</tbody>
</table>

- Respondents who say they are not confident in their organization’s growth prospects rank the following most often among the top three factors hindering their confidence: a lack of commitment to employee development and retention (57%), short-term focus of leadership that sacrifices long-term growth (56%), and lack of experienced leadership with proven track record (47%).

Organizations with a strong sense of purpose are buoyed by factors that are non-financial and more intangible, with a longer horizon for positive returns. Other organizations are often driven by short-term financial gain — which hinders overall confidence.
...and leadership priorities reflect short-term focus

• A similar pattern emerges when respondents cite top priorities of their leadership. For example, making a positive impact on clients is ranked most often as the top priority for leadership teams at organizations with a strong sense of purpose.

• In contrast, respondents at organizations without a strong sense of purpose most often rank meeting short-term financial goals as their leadership’s #1 priority.

• It is noteworthy that there are no significant differences between executives and employees when ranking leadership priorities.

Rank the items below in terms of its importance to your leadership team (summary of first ranked)
### Purpose drives investment

- Respondents who work for an organization with a strong sense of purpose are consistently more likely to say their organization will increase investments year over year, especially in areas such as:
  - New technologies: 38% vs. 19%
  - Expanding into new markets: 31% vs. 21%
  - Developing new products/services: 27% vs. 17%
  - Employee development and training: 25% vs. 11%

---

To the best of your knowledge, indicate how much your organization is investing in the following in 2014 (summary of more than last year)

<table>
<thead>
<tr>
<th>Area</th>
<th>With strong sense of purpose</th>
<th>Without strong sense of purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>New technologies</td>
<td>38%</td>
<td>19%</td>
</tr>
<tr>
<td>Expanding into new markets</td>
<td>31%</td>
<td>21%</td>
</tr>
<tr>
<td>Forming new and strategic partnerships and/or acquisitions</td>
<td>31%</td>
<td>18%</td>
</tr>
<tr>
<td>Developing new products and services (R&amp;D)</td>
<td>27%</td>
<td>17%</td>
</tr>
<tr>
<td>Hiring</td>
<td>25%</td>
<td>18%</td>
</tr>
<tr>
<td>Employee development and training</td>
<td>25%</td>
<td>11%</td>
</tr>
<tr>
<td>Leadership development</td>
<td>23%</td>
<td>11%</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Charitable/money giving</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>In-kind/pro-bono services</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

With strong sense of purpose
Without strong sense of purpose
Purpose instills confidence in stakeholders

- Respondents perceive higher levels of confidence among key stakeholders of organizations with a strong sense of purpose.

- For example, 89% of respondents working for an organization with a strong sense of purpose say their clients trust that they deliver the highest quality products and services vs. 66% of those who do not have a strong sense of purpose.

- The difference is extremely apparent when it comes to employees — with significant differentials on questions such as how fully employees are engaged with the organization (73% vs. 23%) and employee trust in their professional development (71% vs. 24%).

In terms of your organization’s stakeholders (e.g. customers, employees, communities, investors, regulators), please indicate how strongly you agree or disagree with the following statements (summary of strongly agree/agree)

- Our clients have long lasting relationships with us
- Our clients trust that we will deliver the highest quality products/services
- Our organization has been in good standing with regulators in the past year
- Our communities believe that we are good and helpful corporate citizens
- Our stakeholders trust our organization’s leadership
- Our employees trust in our culture and beliefs
- Our investors are confident in our growth prospects over the next year and beyond
- Our employees are fully engaged with the organization
- Our employees trust we will invest in their professional development
...and strengthens workplace culture

- Organizations with a strong sense of purpose are more likely to embrace diversity and different opinions, encourage innovation among employees, and provide the tools and resources for employees to realize their full potential.

In terms of your organization’s culture, how much do you agree or disagree with the following statements (summary of strongly agree/agree)?

- My organization embraces diversity and different options:
  - With strong sense of purpose: 83%
  - Without strong sense of purpose: 43%
  - 40% differential

- My organization encourages employees to innovate:
  - With strong sense of purpose: 80%
  - Without strong sense of purpose: 35%
  - 45% differential

- My organization encourages employees to take full advantage of developing new business growth opportunities:
  - With strong sense of purpose: 79%
  - Without strong sense of purpose: 34%
  - 45% differential

- My organization provides the tools and resources for employees to realize their full potential:
  - With strong sense of purpose: 74%
  - Without strong sense of purpose: 19%
  - 55% differential

- Leaders at my organization seek out the opinions and ideas of employees:
  - With strong sense of purpose: 73%
  - Without strong sense of purpose: 27%
  - 46% differential

[With strong sense of purpose]
[Without strong sense of purpose]
A truly exceptional organization is one where leaders not only articulate a culture of purpose but also visibly and consistently embody those behaviors.

**With so much at stake, leaders can do more**

- Despite the advantages the research links to a strong sense of purpose, 20% of all respondents say that leadership fails to set an example for the rest of the organization by truly living the organization’s purpose and 18% say it is not part of performance evaluations.

- In addition, if you drill down further, executives are consistently more likely than employees to strongly agree on the degree to which purpose is embedded across the organization, illustrating ample opportunity to further strengthen a culture of purpose in most organizations.

**Indicate how much you agree or disagree with the following statements (summary of strongly agree)**

- I identify with my organization’s purpose: Executives 47%, Employees 30% (17% differential)
- Leadership sets an example for the rest of our organization by truly living our organization’s purpose: Executives 44%, Employees 25% (19% differential)
- I consider our organization’s purpose as a factor in major business decisions: Executives 41%, Employees 28% (13% differential)
- My organization’s purpose is clearly conveyed to ALL employees: Executives 38%, Employees 31% (7% differential)
- Living our organization’s purpose is part of every employee’s performance evaluation: Executives 32%, Employees 24% (17% differential)

---

*Executives*

*Employees*