C-suite Insights

Unleashing Purpose Across Industries:
Overcome Common Pitfalls To Maximize Value & Impact

Shira Beery, John Mennel & John Peto
Don’t Wait For Clarity
Set a Strategy & Act

Purpose is a company’s reason for being—its North Star—and its distinctive role in society, including how it addresses material environmental, social, and governance (ESG) issues. In every industry, companies are overwhelmingly focused on purpose as it has become an important factor in consumer, investor, and employee decisions and a common topic on boardroom and regulatory agendas. Other terms—such as sustainability, responsibility, or stakeholder capitalism—may be used to convey the same concept: to protect profit and stakeholder value, a company should credibly demonstrate its unique positive impact on people and planet. Throughout this article, “purpose” is used to represent this simple idea, which is hard to execute effectively without an integrated purpose strategy. It can be challenging for business leaders to know what to do or where to start. However, insufficient action to demonstrate purpose can increase risks and costs for companies.

Through prior publications in this series, Deloitte established how companies can define a differentiating purpose strategy, drive premium value for the enterprise, and mobilize the C-suite to deliver that value. This study delves into trends across industries to help companies avoid common pitfalls and focus their purpose initiatives. Deloitte surveyed 400 business leaders representing different industries to find out whether, why, and how their company prioritizes purpose [see Appendix B for survey methodology]. Most business leaders agree that purpose is a priority for their company because stakeholders—especially consumers and investors—expect it and because purpose creates value, including through increased talent engagement and retention and customer loyalty and trust. While companies in each industry appear to have relative strengths and gaps in their approach to purpose, companies across industries share common pitfalls and opportunities to overcome them:
Walk The Talk

Forty-three percent of surveyed business leaders said their company views purpose exclusively as a marketing and brand play. These respondents were much more likely to report that purpose does not get adequate attention at their company (52% vs. 23%). Stakeholders have grown skeptical of companies who talk the talk,² and companies that have made misleading claims have been the targets of increased legal action.³ Companies must walk the talk to truly demonstrate purpose to their stakeholders. The organizations most frequently mentioned by survey respondents as leaders when it comes to purpose demonstrate purpose through core business activities.

Act On The Right issues

Companies place a high value on purpose, but do not necessarily act to deliver on that value. In fact, 82% of surveyed business leaders indicated that the primary focus of their company’s purpose strategy is to create business value. Research has demonstrated that purpose initiatives can drive premium returns when they address a company’s most material issues.⁴ However, surveyed business leaders revealed that inaction on material issues is prevalent. For example, among surveyed business leaders who identified diversity, equity, and inclusion as a top three issue for their sector, only 68% reported that their company is instituting and measuring hiring and retention objectives to increase diversity. Companies should focus their purpose initiatives on the issues most material to their business to drive value.

Invest in Data To Measure & Grow Returns

Of the 81% of respondents who said their company has data to support the business case for purpose, only 49% said that data are of similar rigor to other business cases. When asked what could help strengthen the business case for purpose, over 70% of respondents said they need better data on the societal impact of their business operations, performance relative to peers, and standard approaches to measure and report on the value of their purpose initiatives. Companies seeking to generate returns and impact through these initiatives should invest in data to effectively plan and track progress towards goals.

Look Beyond Your industry

Fifty-three percent of business leaders said that purpose does not get adequate attention in their industry. Today’s social, economic, and geopolitical uncertainty can make it challenging to commit to purpose strategy and action. Business leaders should keep their finger on the pulse of rapid changes to stakeholder sentiment, regulation, and societal issues that inform purpose initiatives. Furthermore, companies are expected to demonstrate impact on issues that are highly complex and require coordinated cross-sector action. Companies can collaborate across industries to enhance impact—for example, 41% of respondent companies partner with the public sector to advance purpose-related innovation. Companies can also quickly innovate by applying strategies that work in other industries⁵ [see Appendix A for industry deep dives]. Surveyed business leaders indicated that this is already happening. For example, an Energy, Resources & Industrials leader said, “We use examples from water recycling and waste management from the beverage sector.”

This paper dives into the data behind these findings and suggests actions business leaders can take to drive premium value and impact from purpose initiatives.
Stakeholder demands create competitive pressure and urgency to act with purpose. As one Energy, Resources & Industrials leader said, “We need to protect our social license to operate.” A Consumer leader noted that a purpose-driven approach is viewed as “Not only the right thing to do, but necessary to compete.”
Purpose Strategy Drivers
What best describes the main driver of prioritizing Purpose at your company?

<table>
<thead>
<tr>
<th>Purpose Strategy Drivers</th>
<th>All Industries</th>
<th>Consumer</th>
<th>Energy, Resources &amp; Industries</th>
<th>Financial Services</th>
<th>Life Sciences &amp; Health Care</th>
<th>Tech, Media &amp; Telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership Priorities &amp; Organizational Culture</td>
<td>79%</td>
<td>81%</td>
<td>83%</td>
<td>76%</td>
<td>79%</td>
<td>75%</td>
</tr>
<tr>
<td>Investor Expectations</td>
<td>79%</td>
<td>85%</td>
<td>84%</td>
<td>70%</td>
<td>72%</td>
<td>80%</td>
</tr>
<tr>
<td>Consumer Demands</td>
<td>78%</td>
<td>85%</td>
<td>83%</td>
<td>78%</td>
<td>72%</td>
<td>72%</td>
</tr>
<tr>
<td>Growth Opportunity Through New Market/Products</td>
<td>74%</td>
<td>68%</td>
<td>79%</td>
<td>68%</td>
<td>77%</td>
<td>77%</td>
</tr>
<tr>
<td>Expected Financial Benefits to the Organization</td>
<td>74%</td>
<td>77%</td>
<td>79%</td>
<td>70%</td>
<td>73%</td>
<td>68%</td>
</tr>
<tr>
<td>Right Thing to Do, Independent of Business Case</td>
<td>72%</td>
<td>72%</td>
<td>72%</td>
<td>68%</td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td>Competition From Companies In My Industry/Sector</td>
<td>72%</td>
<td>65%</td>
<td>76%</td>
<td>71%</td>
<td>73%</td>
<td>74%</td>
</tr>
<tr>
<td>Regulatory Environment</td>
<td>71%</td>
<td>67%</td>
<td>76%</td>
<td>69%</td>
<td>73%</td>
<td>68%</td>
</tr>
<tr>
<td>Public Sentiment</td>
<td>66%</td>
<td>65%</td>
<td>71%</td>
<td>63%</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>Employee Demands</td>
<td>66%</td>
<td>69%</td>
<td>69%</td>
<td>64%</td>
<td>68%</td>
<td>60%</td>
</tr>
<tr>
<td>Non-Traditional Competitors/New Entrants</td>
<td>61%</td>
<td>54%</td>
<td>67%</td>
<td>59%</td>
<td>63%</td>
<td>62%</td>
</tr>
<tr>
<td>AVERAGE # OF DRIVERS SELECTED</td>
<td>7.9</td>
<td>7.9</td>
<td>8.4</td>
<td>7.5</td>
<td>8.0</td>
<td>7.7</td>
</tr>
</tbody>
</table>

Eighty-four percent of respondents agreed that purpose is a C-suite priority at their company and is integrated with core business strategy, with limited variation across industries. Company leadership, consumers, and investors are primarily driving the focus on purpose. Significant research supports this finding:

**Leadership**
Purpose-related topics are increasingly at the top of corporate board agendas. A survey of S&P 500 proxy statements in 2020 revealed that 70% of companies have delegated oversight for purpose-related topics to a specific board committee.

**Consumers**
More than three-quarters of consumers want to purchase from purpose-driven companies committed to making the world better. In one recent study, 28% of consumers had stopped buying products based on ethical or environmental concerns.

**Investors**
Investors, especially millennials, increasingly seek to tailor their investments to their values. Seventy-three percent of investors believe that a company’s social and environmental efforts contribute to returns. Recent market performance validates this belief with ESG funds outperforming the S&P in early 2021, and ESG-mandated funds expected to grow at 3x the rate of nonmandated assets. In the US alone, ESG fund launches grew at twice the rate in 2021 to comprise 22% of all fund launches.

While “employee demands” ranked lower as a driver, 82% of surveyed business leaders indicated that talent recruitment, engagement, and retention is a primary source of value from purpose initiatives. A respondent in Financial Services noted that “Employees and their families are increasingly asking for this.” In fact, a 2021 survey by Porter Novelli found that 78% of respondents would prefer to work for a purpose-driven company. In addition, 50% of workers and 75% of millennials would take a pay cut to work for an environmentally responsible company. Rising employee activism on purpose topics has resulted in reputational costs, attrition, and other risks to businesses.

Similarly, “regulatory environment” ranked lower among drivers but government and public sector
These stakeholder pressures are pushing executives to move away from passive strategies, where tactical, short-term, and self-defined approaches to demonstrating purpose are the norm and mostly serve to tell a positive story. Now, an active strategy is necessary, one that is driven by the CEO, informed by best practice and standards, and embedded in all aspects of operations with an eye to long-term value and impact. Companies should rethink their core business strategy, including product design and delivery, use of technology and data, brand messaging, employee and community engagement, and more through a unifying purpose framework. Therefore, demonstrating purpose is a core responsibility for the entire C-suite [see recent report].
Still, 43% of surveyed business leaders said that purpose at their company starts and ends with marketing strategy and brand reputation. These respondents were much more likely to report that purpose does not get adequate attention at their company (52% vs. 23%), indicating that the focus on marketing and brand is correlated with insufficient action. Stakeholders have grown skeptical of companies who talk the talk. Consumers are no longer satisfied when companies say they embrace ethical behavior or purpose—they want to see measurable, transparent, and consistent actions from the brands they support. Organizations face significant costs when they fail to meet these expectations, including loss of brand trust and increased legal action. Employees leave their companies in numbers when management’s stances do not align with their values. Companies should walk the talk and ensure that purpose is not just window dressing but integrated into core strategy and operations. Companies should see purpose as a framework for action throughout the enterprise—not just the marketing function—to effectively answer the call of stakeholders.

Perceived Purpose Leaders by industry

What 1-2 companies stand out as leading when it comes to purpose and ESG?

% share of the total mentions by industry

Top Five companies by number of mentions

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>APPLE</td>
</tr>
<tr>
<td>2</td>
<td>GOOGLE</td>
</tr>
<tr>
<td>3</td>
<td>TESLA</td>
</tr>
<tr>
<td>4</td>
<td>MICROSOFT</td>
</tr>
<tr>
<td>5</td>
<td>AMAZON</td>
</tr>
</tbody>
</table>
When asked which companies stand out as purpose leaders, survey respondents identified 245 unique organizations. The top five companies—Apple, Google, Tesla, Microsoft, and Amazon—collectively received 27% of all mentions. Each has gone well beyond marketing to integrate purpose into core business strategy. Apple, for example, has made data privacy, accessibility, and sustainability of its products top business priorities. Tesla, a pioneer of electric vehicles and solar energy, provides free recycling services for used parts, including batteries. These and other perceived leaders have sought to demonstrate their purpose through core business activities and investment.
No two industries, companies, or approaches to purpose are exactly alike. Some environmental, social, and governance (ESG) issues may be more material to a given company: the issue impacts the organization’s financial condition or valuation, the organization has a significant impact on the issue, and/or the issue influences decisions made by the organization’s stakeholders. While some material issues—such as greenhouse gas (GHG) emissions or employee safety—are common across multiple industries, others are significantly more material to specific industries. A strong purpose strategy identifies a company’s most material issues and establishes a holistic, differentiated approach to address them. Companies that effectively manage their most material issues see premium returns.

Across all industries, respondents indicated that the most important issues for their sector include diversity, equity, and inclusion (61%); workforce development and economic inclusivity (55%); and climate and environmental sustainability (51%). According to Deloitte’s Center for Board Effectiveness, these were also in the top four issues on corporate agendas in 2021. There are notable variations in top issues by industry. Health equity and access is the top issue among Life Sciences & Health Care respondents (68%). Among Technology, Media & Telecommunications respondents, ethical technology and innovation replaced climate and environmental sustainability in the top three. Eighty-six percent of Energy, Resources & Industrials respondents and 62% of Consumer respondents ranked climate and environmental sustainability as a top three issue, highest among industries. Global companies were more likely than US companies to rank climate and environmental sustainability (55% vs. 30%) as well as ethical technology and innovation (45% vs. 28%) in the top three. US companies were more likely than global companies to rank diversity, equity, and inclusion in the top three (76% vs. 67%).
Individual companies are spending up to tens of billions on purpose-related investments and making strides to address the top issues they face, but inaction on material issues remains prevalent. Across industries:

• Among surveyed business leaders who identified diversity, equity, and inclusion as a top three issue for their sector, only 68% reported that their companies are instituting and measuring hiring and retention objectives to increase diversity. Only 57% in this group reported specific initiatives to increase diversity at the executive and board levels. Respondents from the Technology sector stood out for most often reporting that their companies are working towards increased diversity at the executive and board levels (78%).

• Among surveyed business leaders who identified climate and environmental sustainability as a top three issue for their sector, only 54% reported that their companies have a public commitment to reduce carbon emissions and only 50% have adopted approaches to reduce scope 1, 2, and 3 emissions. Respondents from the Retail & Wholesale sector and the Oil, Gas & Chemicals sector stood out for most often reporting that their companies are adopting approaches to reduce emissions (69% and 68%, respectively). Recent research by New Climate Institute underscores this gap between ambition and action—corporate commitments to achieve net zero frequently do not include the specific emission reduction targets required to get there.36
Among surveyed business leaders who identified ethical technology and innovation as a top three issue for their sector, only 64% reported that their companies are training employees to recognize and address ethical dilemmas. Respondents from the Technology sector stood out for most often reporting that their companies conduct such trainings (84%).

While the activities above do not represent the full set of initiatives a company might take to address material issues, their relatively low adoption is a good example of why stakeholders may think companies are not walking the talk. Business leaders should focus purpose investments and initiatives on the most material issues and communicate progress transparently to stakeholders. Focused investment to address material issues can unlock premium returns and impact.
Ultimately, a company will not invest in its purpose if it does not drive profitability. Most surveyed business leaders (82%) indicated that the primary focus of their company’s purpose strategy is to create business value. Business leaders largely agree that purpose can deliver value throughout the enterprise and primarily expect it from increased customer loyalty, engagement, and trust (84%); talent recruitment, engagement, and retention (82%); and enhanced brand and reputation (80%). Respondents whose companies have a rigorous, data-driven business case for purpose were more likely to report a broader range of expected sources of value, e.g., increased revenue from products, services, and new markets.
Evidence that purpose delivers business value is robust and growing.\(^{37}\) Interestingly, despite the disproportionate influence of investors on companies’ purpose agendas, respondents across industries most frequently ranked access to capital last among the potential sources of value from purpose initiatives. That said, 80% of respondents from Oil, Gas & Chemicals sector companies reported that purpose enhances access to capital. This reflects the reality that oil and gas companies and prospective buyers of extractives already experience challenges securing capital.\(^{38}\) In fact, debt rating downgrades for oil and gas producers have cost them tens of millions of dollars.\(^{39}\) The growth of socially and environmentally conscious investing has also reduced demand for oil and gas stocks.\(^{40}\) As investor and regulatory ESG requirements evolve and mature, it may just be a matter of time before other sectors and industries experience the same pressures.

While 81% of respondents said that their company has qualitative or quantitative data to support the business case for purpose, only 49% in this group said the data are of

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**Purpose Sources of Value**

If your organization has a purpose business case (qualitative or quantitative), in what areas of your business do you expect to see the most value?

<table>
<thead>
<tr>
<th>Source of Value</th>
<th>All Industries</th>
<th>Consumer</th>
<th>Energy, Resources &amp; Industries</th>
<th>Financial Services</th>
<th>Life Sciences &amp; Health Care</th>
<th>Tech, Media &amp; Telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty, Engagement &amp; Trust</td>
<td>84%</td>
<td>85%</td>
<td>81%</td>
<td>87%</td>
<td>75%</td>
<td>90%</td>
</tr>
<tr>
<td>Talent Recruitment, Engagement &amp; Retention</td>
<td>82%</td>
<td>78%</td>
<td>79%</td>
<td>86%</td>
<td>77%</td>
<td>87%</td>
</tr>
<tr>
<td>Enhanced Brand &amp; Reputation</td>
<td>80%</td>
<td>77%</td>
<td>77%</td>
<td>84%</td>
<td>74%</td>
<td>84%</td>
</tr>
<tr>
<td>Clear &amp; Integrated Strategy</td>
<td>68%</td>
<td>60%</td>
<td>60%</td>
<td>71%</td>
<td>67%</td>
<td>76%</td>
</tr>
<tr>
<td>Risk Mitigation &amp; Management</td>
<td>67%</td>
<td>62%</td>
<td>84%</td>
<td>74%</td>
<td>58%</td>
<td>57%</td>
</tr>
<tr>
<td>Operational Efficiency</td>
<td>66%</td>
<td>63%</td>
<td>63%</td>
<td>68%</td>
<td>65%</td>
<td>57%</td>
</tr>
<tr>
<td>New Sources of Revenue From Products, Services &amp; New Markets</td>
<td>65%</td>
<td>60%</td>
<td>60%</td>
<td>61%</td>
<td>70%</td>
<td>56%</td>
</tr>
<tr>
<td>Competitive Risk-Adjusted Returns</td>
<td>53%</td>
<td>43%</td>
<td>43%</td>
<td>61%</td>
<td>47%</td>
<td>52%</td>
</tr>
<tr>
<td>Access to Capital</td>
<td>50%</td>
<td>46%</td>
<td>46%</td>
<td>51%</td>
<td>47%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>AVERAGE # OF SOURCES OF VALUE SELECTED</strong></td>
<td><strong>6.3</strong></td>
<td><strong>5.9</strong></td>
<td><strong>5.9</strong></td>
<td><strong>6.6</strong></td>
<td><strong>5.9</strong></td>
<td><strong>6.3</strong></td>
</tr>
</tbody>
</table>

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similar rigor to other business cases used to inform investments. When asked what could help strengthen the business case to drive more significant investment toward purpose initiatives, respondents across industries overwhelmingly said they need better data. In fact, 77% of respondents selected the top response, “better data on the impact of business operations on social and environmental issues,” with limited variation across the sample. Over 70% of respondents also said that benchmarking data to evaluate performance relative to peers and competitors, as well as standard approaches to measure and report the value of purpose-related investments, would strengthen their business case. While benchmarking is important for competitive strategy, there are certain impacts—such as climate and environmental ones—where absolute targets must be reached and relative measures are less informative.
Companies cannot expect to demonstrate financial returns or impact from purpose initiatives without investing in data and measurement. As one surveyed Consumer business leader noted, “We need better data governance and analytics to establish KPIs.” Spending on such data is projected to increase from $2.2 billion in 2020 to $5 billion by 2025, as business leaders anticipate organizational metrics will include more societal goals. Survey results similarly indicate that companies are planning for better data collection, analysis, and reporting. Respondents reported that 72% of their companies have established KPIs to measure against and hold the organization accountable for purpose goals.

Establishing KPIs upfront has promising outcomes—for example, high growth brands more frequently establish performance metrics for diversity, equity, and inclusion objectives than lower-growth competitors, and high growth brands prioritize accountability. Many companies are waiting for standards and frameworks to guide their measurement and reporting, as there are efforts underway to converge existing ESG standards by the new International Sustainability Standards Board. However, business leaders should not wait and can influence the way those standards are shaped—especially on social metrics—by proactively measuring impact. Companies should first leverage existing measurement systems and approaches to collect data on their performance against purpose priorities. To guide measurement, business leaders can establish a scorecard that includes the key business decisions informed by purpose initiatives and the most salient sources of value from purpose.
Fifty-three percent of surveyed business leaders said that purpose does not get adequate attention in their industry. Today’s social, economic, and geopolitical uncertainty can make it challenging to commit to purpose strategy and action. Business leaders should keep their finger on the pulse of rapid changes to stakeholder sentiment, regulation, and societal issues that inform purpose initiatives. Furthermore, companies are expected to demonstrate impact on complex issues that require coordinated cross-sector action to effect change. Companies can differentiate their purpose strategy and have outsized impact through cross-sector collaboration and an ecosystem-oriented approach. For example, the World Economic Forum launched the Global Health Equity Network, recognizing that addressing health equity and racism as a public health crisis will require cross-sector collaboration to improve the interdisciplinary social, economic, and environmental drivers of health. The network consists of 20+ organizations spanning Health Care, Life Sciences, Oil and Gas, Technology, Higher Education, and Nonprofit sectors. Its priorities include scaling health equity innovations and developing approaches to measure health equity commitments. This cross-sector, collaborative approach to promoting health equity is becoming more common. Efforts like these help organizations across industries and geographies share best practices and make contributions toward a greater collective impact.

Companies can also rapidly innovate their purpose approach by applying strategies that work in other industries. Surveyed business leaders indicated that this is already happening. For example, an Energy, Resources & Industrials leader said, “We use examples from water recycling and waste management from the beverage sector.” A Financial Services leader reported, “We are following social media companies who have utilized AI to qualitatively analyze purpose and drive quantitative solutions through linguistics tools.” According to survey findings, each industry has relative strengths that companies in other industries can learn from to advance their own purpose goals [see Appendix A].
Connecting the dots across disciplines and sectors can make companies more resilient and spark new ideas. For example, the public sector has a significant role to play in accelerating purpose-related innovation in the private sector. Forty-one percent of survey respondents across industries said their companies—especially those with over $10B in annual revenue (47% vs. 36%)—partner with the public sector to develop innovative business processes, systems, and technologies that advance purpose. Industrial Products sector respondents most frequently reported such partnerships (58%). Cross-sector learning and collaboration can both strengthen an individual company's approach to purpose and enable broader impact on systemic environmental and social challenges.

Relative Purpose Strengths by Industry (Survey Insights)

<table>
<thead>
<tr>
<th>Consumer</th>
<th>Energy, Resources &amp; Industrials</th>
<th>Financial Services</th>
<th>Life Sciences &amp; Health Care</th>
<th>Tech, Media &amp; Telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The greatest share of unique companies considered purpose leaders by survey respondents are from this industry (83 of 245 orgs), and they received the most total mentions (34%) across industries</td>
<td>• Companies in this industry are more likely to partner with government and public sector to advance purpose-related innovation (49% vs. 41% average across industries)</td>
<td>• Companies in this industry are more likely to have either a qualitative, quantitative, or rigorous data-driven business case for purpose (86% vs. 81% average across industries)</td>
<td>• Companies in this industry are more likely to strongly agree that purpose is integrated with core business strategy (73% vs. 63% average across industries)</td>
<td>• Four of the top five companies considered purpose leaders by survey respondents are from this industry</td>
</tr>
<tr>
<td>• Companies in this industry are more likely to institute and measure diversity hiring and talent retention objectives (67% vs. 62% average across industries)</td>
<td>• Companies in this industry are more likely to track and report on relevant ESG factors, and incorporate them into decision-making (57% vs. 41% average across industries)</td>
<td>• Along with Life Sciences &amp; Health Care, companies in this industry are more likely to collect and report on purpose-related data (86% vs. 79% average across industries)</td>
<td>• Companies in this industry are more likely to measure performance against purpose-related KPIs (77% vs. 72% average across industries)</td>
<td>• Companies in this industry are most likely to have a rigorous, data-driven business case on par with others used to inform decisions (49% vs. 40% average across industries)</td>
</tr>
</tbody>
</table>

Note: Differences of 4.9% or more are significant with 95% confidence, see Appendix B for survey methodology.
The message from stakeholders is loud and clear: business leaders have a responsibility to advance a more sustainable and equitable future and if companies are not a credible part of the solution, their bottom line will suffer. Surveyed business leaders recognize this and are seeking to do their part. However, their companies are falling short when attempting to translate ambition to action.

Across industries, companies should avoid common pitfalls by focusing efforts on four opportunities: (1) walk the talk, (2) act on the right issues, (3) invest in data to measure and grow returns, and (4) look beyond your industry. These opportunities will help unlock premium value for your enterprise and its stakeholders as your organization makes a unique positive impact.
Appendix A
Industry Deep Dives

The why, what, and how of purpose vary across industries. Below are key insights about each industry’s purpose priorities, initiatives, and expected sources of value.

**Consumer**

**Setting priorities.** A strong majority of Consumer respondents ranked diversity, equity, and inclusion (79%), along with climate and environmental sustainability (62%), as top priorities in the industry due in part to growing urgency around these issues among consumers. Diversity, equity, and inclusion is particularly critical as companies in the industry believe a focus on equity is not only the right thing to do but essential for an effective talent strategy. In addition, environmental sustainability is a key issue for consumers. According to research by Google, 82% of consumers say that environmental sustainability is more top of mind than before COVID-19, and 78% of consumers believe that big businesses have a role to play in helping to fight climate change.

**Taking action.** Two-thirds of surveyed Consumer respondents said their companies have acted on purpose goals by implementing hiring and talent retention objectives to increase diversity in the workforce. A majority (60%) are also training employees to recognize and address ethical dilemmas. Among Consumer Products sector respondents, half said they have made a public commitment to reduce carbon emissions and 53% are implementing initiatives to increase diversity at the executive and board levels. Consumer companies report that they are learning from industry peers: “We leverage sustainability practices coming from larger retailers.” Some look to organizations in other industries: “We follow purpose trends from big tech and start-ups that revolve around purpose, as well as global organizations and NGOs that are pushing for change.”

**Realizing value.** Consumer demand drives the strong emphasis on purpose in the industry, and studies show that consumers are more likely to remember, purchase, and trust purpose-driven brands. In fact, a recent study found that 28% of consumers have stopped buying products based on ethical or environmental concerns. Industry leaders widely recognize the value of purpose—according to the Deloitte 2021 Consumer Products outlook, “Three-quarters of the companies in our executive panel believe consumers will support companies that take authentic moral stands.” Consumer companies have taken note and were most frequently viewed as purpose leaders by survey respondents, with 83 unique companies garnering 34% of all mentions.

**Energy, Resources & Industrials**

**Setting priorities.** Unsurprisingly, climate and environmental sustainability emerged as the priority issue in this industry, with 86% of respondents indicating that it is a top three issue—24% higher than respondents in the next highest industry (Consumer). Nearly three-quarters of global greenhouse gas emissions come from the energy sector and companies are stepping up to take responsibility and action. For example, as of May 2022, 49 out of 55 US large investor-owned utilities have committed to reducing carbon emissions. Similarly, a recent Deloitte study found that 57% of
chemicals companies are investing in alternative energy to reduce their emissions and waste. Diversity, equity, and inclusion ranked as the next highest priority for the industry, with 56% of respondents selecting it as a top three issue.

**Taking action.** Fifty-six percent of Energy, Resources & Industrials respondents said that their companies are adopting approaches to reduce scope 1, 2, and 3 greenhouse gas emissions. Sixty percent reported that their companies are innovating lower carbon technologies and sustainable products, although this was higher (67%) among Industrial Products sector respondents. Fifty-seven percent of industry respondents noted that their companies track, report, and incorporate ESG factors into governance and decision-making—this was much higher (87%) among Oil, Gas & Chemicals sector respondents. Most respondents from this sector (58%) also said their company publicly commits to reduce carbon emissions. Beyond activities advancing climate and environmental sustainability objectives, the majority (57%) of Energy, Resources & Industrials respondents said that their companies are training employees to recognize and address ethical dilemmas.

These efforts are helping Energy, Resources & Industrials companies play an important role in advancing purpose and sustainability by enabling efforts in other industries that rely on energy to fuel their activities. As one Technology, Media & Telecommunications survey respondent noted, their company is looking for “sustainability solutions, and green sources of energy in particular, for running data centers.” At the same time, Energy, Resources & Industrials leaders are looking to other industries for innovative ideas, saying “We research consumer goods companies’ sustainable packaging solutions” and “We use examples from water recycling and waste management from the beverage sector.”

**Realizing value.** Industry respondents indicated that the top source of value from purpose initiatives is risk mitigation and management. This is particularly true for oil and gas companies, which have the highest combined environmental and social risk relative to all industries and sectors, according to the ESG Risk Atlas from S&P Global. Sixty percent of industry respondents also selected access to capital as a source of value from purpose initiatives—significantly higher than in other industries—and 84% reported that investor expectations are driving prioritization of purpose at their company. This reflects a growing trend among governments, banks, and money managers that are seeking to reduce the carbon intensity of their investments as well as investment firms that are
adoption, uncertainty, and challenges. It may also explain why Oil, Gas & Chemicals sector respondents reported above average quantitative and robust data-driven business cases for purpose. However, returns are not always easy to calculate. As one respondent said, “Returns on ‘purpose’ can be elusive [...] Revenue neutral is OK.”

**Financial Services**

**Setting priorities.** Financial Services respondents most frequently selected diversity, equity, and inclusion and workforce development as top priorities. These priorities reflect a desire to address well-known challenges within the industry, which has historically been homogenous and lagging in diversity and inclusion. Although climate change is not ranked as highly as in other industries, Financial Services plays a significant role by advancing green finance, with trillions of dollars pledged towards climate-oriented financing over the next decade. Insurers and, more recently, banks have changed their approaches to coverages and lending based on climate risks. Banks are advancing climate finance innovation through products such as target-linked bonds, sustainability-linked derivatives, and exchange-traded instruments. Financial services companies are also competing to hire climate scientists to help them revise their strategies and meet new regulatory requirements. A recent Deloitte survey found that nine of 10 insurance companies plan to increase investment in environmental sustainability, diversity, economic well-being of communities they serve, and ethical decision-making.

**Taking action.** Most industry respondents reported that their companies are advancing diversity, equity, and inclusion by establishing hiring and talent retention objectives to increase diversity (66%), as well as promoting financial inclusion through products and services (61%). In line with current trends, Insurance sector respondents were more likely than Banking & Capital Markets respondents to say their company is establishing hiring and talent retention objectives to increase diversity (67% vs. 57%). In the Banking & Capital Markets sector, respondents indicated an increased commitment to promoting financial inclusion through products and services (73%) and increasing diversity at executive and board levels (53%). Sixty-four percent of Financial Services respondents said their companies are also training employees to recognize and address ethical dilemmas.

Respondents indicated that Financial Services companies are learning from other industries, saying “We are following social media companies who have utilized AI to qualitatively analyze purpose and drive quantitative solutions through linguistics tools.” Another respondent indicated that other industries can influence investing, lending, or insuring approaches, saying “If other industries set an example on ESG, it becomes a standard that gets incorporated and becomes the benchmark.” On the other hand, business leaders in other industries are strongly influenced by the actions of Financial Services companies, saying “We just follow what our investors and the Street wants” and “VCs starting to have ethical investing and green standards as a focus influences large corporations.”

**Realizing value.** Across industries, Financial Services respondents were most likely to report having qualitative data (e.g., case studies) to support the business case for purpose. Across sectors in all industries, Insurance respondents tied with Telecommunications respondents for most frequently reporting that their company has a robust, data-driven business case for purpose. Customer loyalty, engagement, and trust emerged as the top source of value from purpose initiatives as a likely response to continued decline in trust in the industry. Another recent Deloitte survey found that the majority of Commercial Real Estate leaders believe purpose initiatives are providing a competitive edge and driving new business opportunities for their companies. In addition, Investment Management companies that have made progress in quantifying the impact of diversity, equity, and inclusion initiatives in their financial
statements reported higher employee engagement and productivity as well as stronger collaboration and teamwork than those that did not.72

Life Sciences & Health Care

Setting priorities. Health equity and access, along with diversity, equity, and inclusion, ranked highest among purpose priorities in the industry. Life Sciences & Health Care companies with greater than $10B in annual revenue were more likely than smaller companies to prioritize diversity, equity, and inclusion (72% vs. 51%) and health equity and access (72% vs. 64%). Smaller companies with less than $10B in annual revenue were more likely than larger companies to prioritize ethical technology and ethical innovation (56% vs. 38%). Health inequity and racism present a public health crisis, and research shows that non-medical drivers of health (also known as social determinants) such as the environment, income, stable housing, residential location, and quality of support networks can account for 80% of health outcomes.73 A Kellogg Foundation study found that eliminating race-based health disparities by 2050 would reduce the need for more than $150 billion in medical care.74

Taking action. Most Life Sciences & Health Care respondents indicated that they are training employees to recognize and address ethical dilemmas (66%), establishing hiring and talent retention objectives to increase diversity (61%), and improving accessibility and affordability of care and medicine (61%). Despite the reported focus on health equity, only 44% of Health Care sector respondents and 23% of Life Sciences sector respondents said their companies are adopting programmatic innovations to address drivers of health. This is consistent with previous Deloitte research, which found that Health Care organizations are more frequently measuring needs related to non-medical drivers of health but are not necessarily acting on them.75 And while 44% of industry respondents said their companies are increasing clinical trial diversity and access, only 23% said companies are utilizing processes and tools to address systemic biases in AI. As they evolve their approach to purpose, Life Sciences & Health Care respondents are learning from other industries, saying “We’ve been paying more attention to our supply chain and observing innovations from other sectors.”

Realizing value. Life Sciences & Health Care respondents were least likely relative to those from other industries to report that their company has quantitative data to inform the business case for
purpose. They were also most likely to say that purpose is a priority because it is “the right thing to do.” It is possible that organizations whose business mission is to improve health outcomes do not see a need for purpose strategy beyond their regular business activities. That said, industry respondents ranked talent recruitment, engagement, and retention as a top source of value from purpose initiatives. Respondents commented that purpose helps to “create a work environment attractive to millennials and others who are trying to build a better life balance.” Studies have also shown that companies in the industry that seek equitable representation in research and development, clinical trials, and market access may be better positioned to develop more effective and widely adopted cures and treatments.76

Technology, Media & Telecommunications

Setting priorities. Industry respondents most frequently selected diversity, equity, and inclusion and ethical technology and innovation as top priorities for their companies. Challenges related to these priorities are especially acute in the Technology sector. In 75% of Technology companies, for example, Black professionals make up less than 10% of the workforce.77 These issues impact the bottom line for Media & Entertainment companies too—a recent UCLA report found that diverse content is a business imperative in the entertainment industry and that films with more diverse casts earned higher global box office receipts.78

Significant ethical concerns from challenges related to data usage and privacy, environmental sustainability, threats to truth, impact of technology on physical and mental health, among others79 have likely contributed to a decline in trust in the Technology sector over the past decade.80 As the metaverse evolves, its environmental82 and ethical83 considerations will require proactive planning by those within and beyond the Technology, Media & Telecommunications industry. Cross-sector collaboration to advance digital sustainability with a focus on ethics, privacy, safety, and inclusion has begun to emerge.84
**Taking action.** Given the focus on ethics, Technology, Media & Telecommunications respondents indicated that 74% of their companies—more than in any other industry—train employees to recognize and address ethical dilemmas. Even more Technology sector respondents (87%) said their companies are doing the same. In addition to employee training, companies in the sector are elevating ethics within the organization by hiring chief ethics officers. Most Technology sector respondents also said their companies are implementing initiatives to increase diversity at executive and board levels (71%) and are establishing hiring and talent retention objectives to increase diversity (61%). Business leaders are looking beyond their industry to inform their approach to purpose, saying “We are driven by pay equity across industries.” While climate change and sustainability did not rank among the top three issues for industry respondents, many industry players have committed to and invested in addressing climate change. New technologies will be essential to advance environmental sustainability.

Half of Telecommunications sector respondents said their companies institute data management procedures to protect consumer data. Thirty-seven percent of sector respondents reported engaging in public-private partnerships to advance purpose goals. Companies in the sector are focused on closing the digital divide. As one industry respondent noted, “We are providing free internet to low-income households and students affected by coronavirus.” Following the 2021 bipartisan infrastructure law, 20 of the nation’s broadband providers serving 80% of the US population committed to improve subsidized high-speed internet plans for low-income households and to increase internet speeds.

**Realizing value.** Across industries, Technology, Media & Telecommunications companies were most likely to report having quantitative data (48%) or data similar in rigor to other business cases (49%) to inform purpose investment. As one industry leader commented, “Easier access to technology to measure impact has influenced our purpose approach.” Paradoxically, companies in this industry were also the least likely to have data on the value of purpose—26% of Technology sector and 13% of Telecommunications sector respondents said they lacked such data. Telecommunications sector respondents tied with Insurance (in Financial Services) respondents for most commonly reporting a robust data-driven business case for purpose. Industry respondents reported customer loyalty, engagement, and trust; talent recruitment, engagement, and retention; and enhanced brand and reputation as the top sources of value from purpose. Key Technology, Media & Telecommunications companies stand out as truly leading on purpose, with 37 unique companies garnering 33% of all mentions.
Appendix B: Survey Population & Methodology
Overview of characteristics and firmographics across 400 survey respondents

INDUSTRY
- Consumer: 20% (81 respondents)
- Energy, Resources & Industrials: 22% (87 respondents)
- Financial Services: 20% (80 respondents)
- Life Sciences & Health Care: 18% (71 respondents)
- Tech, Media & Telecom: 20% (81 respondents)

YEARS OF EXPERIENCE IN INDUSTRY
- 0-2 Years: 4% (15 respondents)
- 3-5 Years: 8% (31 respondents)
- 6-10 Years: 10% (39 respondents)
- 10 Years+: 79% (315 respondents)

OWNERSHIP
- Public: 27% (86 respondents)
- Private: 73% (237 respondents)

COMPANY'S GEOGRAPHIC FOOTPRINT
- Domestic US Only: 20% (86 respondents)
- Global: 80% (237 respondents)

NUMBER OF EMPLOYEES
- 1K-4.9K: 22% (86 respondents)
- 5K-9.9K: 19% (77 respondents)
- 10K+: 59% (237 respondents)

ANNUAL REVENUE
- $1B-$4.9B: 37% (148 respondents)
- $5B-$9.9B: 19% (76 respondents)
- $10B-$24.9B: 20% (79 respondents)
- $25B-$49.9B: 10% (41 respondents)
- $50B+: 14% (56 respondents)

Source: Deloitte analysis
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Methodology
Deloitte surveyed 400 business leaders (Vice Presidents, Executives, and Board Members) from public, private, US and global companies that earn over $1B in annual revenue. Survey respondents were distributed across five industries, and specific sectors within each industry. The Investment Management sector in the Financial Services Industry was omitted from the survey sample for independence reasons.

Industry Breakdown By Sector
Italicized sectors have a sample size of 30 or more and allow for comparisons within industries
• Consumer: Automotive & Mobility, Consumer Products, Environmental Services, Hospitality, Retail & Wholesale, Transportation
• Energy, Resources & Industries: Aerospace & Defense, Construction, Industrial Products, Mining & Metals, Oil, Gas & Chemicals, Power & Utilities, Renewables
• Financial Services: Banking & Capital Markets, Fintech, Insurance, Real Estate
• Life Sciences & Health Care: Health Care, Life Sciences
• Tech, Media & Telecom: Media & Entertainment, Technology, Telecommunications

Respondents received the following definition prior to completing the survey: “Purpose’ is an organization’s distinctive role in society and the long-term value it seeks to deliver to all stakeholders through everything it does. Purpose priorities vary from company to company, but may include topics such as climate; sustainability; Environmental, Social, Governance (ESG) management; and diversity, equity, and inclusion; among others. Stakeholders may include an organization’s customers, employees, shareholders, suppliers/vendors, communities in which it operates, the environment, and others.”

With a sample size of 400 respondents, the margin of error is +/- 4.9% with 95% confidence. Survey respondents may be subject to potential self-affirmation bias, whereby they select responses that align with their personal beliefs and values. As such, this study is like others investigating senior leadership in that results may not be statistically significant but are considered directionally correct.
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