

# From Purpose to Circularity: Unpacking the Strategic and Systemic Role of Corporate Purpose



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**Abstract:** Organizations face increasing pressures to address climate change, disruptive technologies, resource scarcity, and shifting stakeholder expectations. These factors require them to reassess their strategies, societal roles, and approaches to innovation. At the same time, transitions toward circular economy (CE) models demand systemic changes in how value is created and sustained. In these conditions, high-growth companies and alliances demonstrate how placing purpose at their core enables organizational transformation and value-driven collaborations with stakeholders that can drive circular systemic change. By synthesizing insights from strategic management, system, organizational change, and circular economy literature, this conceptual paper positions purpose as a normative, strategic, and systemic construct and proposes a future research agenda to examine its mechanisms, risks, and transformative potential – with particular attention to its role in accelerating circular economy transitions on the organizational level.



**Keywords:** Circular Economy Transition, Purpose, Organizational Change

**Purpose als Treiber der Kreislaufwirtschaft-Transition: Strategische und systematische Perspektiven**



**Zusammenfassung:** Organisationen sehen sich wachsenden Herausforderungen gegenüber, etwa dem Klimawandel, disruptiven Technologien, Ressourcenknappheit und sich wandelnden Erwartungen ihrer Stakeholder. Diese Entwicklungen erfordern eine grundlegende Neubewertung von Strategien, gesellschaftlicher Rolle und Innovationsverständnis. Gleichzeitig verlangt die Transition zu Kreislaufwirtschafts-Modellen systemische Veränderungen in der Art und Weise, wie Wert geschaffen und erhalten wird. In diesem Kontext zeigen wachstumsstarke Unternehmen und Allianzen, wie eine konsequente Ausrichtung auf «Purpose» tiefgreifende organisatorische Transformationen sowie wertebasierte Kooperationen mit Stakeholdern ermöglichen kann, und dadurch den systemischen Wandel zur Kreislaufwirtschaft vorantreibt. Dieses konzeptionelle Paper verknüpft Perspektiven aus der Strategieforschung, Systemtheorie, Organisations-

wandel- und Kreislaufwirtschaft -Literatur und positioniert „Purpose“ als normatives, strategisches und systemisches Konzept. Aufbauend darauf wird eine zukünftige Forschungsagenda vorgeschlagen, die die zugrunde liegenden Wirkungsmechanismen, Risiken und transformative Potenziale von Purpose analysiert – mit besonderem Fokus auf dessen Rolle bei der Beschleunigung zirkulärer Transformationen auf Organisationsebene.

**Stichwörter:** Kreislaufwirtschaft-Transition, Purpose, Organisationsveränderung

## 1. Introduction

Organizations today face multiple pressures from climate change, resource scarcity, technological disruption, and social inequality. In response, they are increasingly called upon to redefine how they create and sustain value for a broader set of stakeholders. Traditional models of shareholder primacy have shown limitations in addressing these interconnected, systemic challenges (Harrison et al., 2020; Paine & Freeman, 2024). As a result, the academic and practitioner discourse is turning toward implementing organizational purpose to align strategic ambitions with societal needs, serving as a bridge between financial performance and social impact (Henderson, 2021a; Mayer, 2021).

In recent years, the concept of corporate purpose has received growing attention (Binns et al., 2022; Pregmark & Beer, 2025; Steller & Björck, 2025; Volberda et al., 2022). Purpose is seen as a multi-faceted normative concept guiding the overall corporate activities and behaviors: As a fundamental reason for the being of an organization and an overarching commitment to the firm's stakeholders it combines financial performance with broader aims such as social contributions, or groundbreaking innovation (Gartenberg & Serafeim, 2022; Henderson, 2021a; Morrison & Mota, 2023). Two research perspectives dominate the discussion: one focuses on framing, formalizing, and enacting purpose as an organization's core reason for being, while the other examines purpose as a counterpoint to traditional profit-maximization models (Besharov & Mitzinneck, 2023; George et al., 2023; Ocasio et al., 2023). Less prominent but not less urgent is a third perspective: the enquiry into Purpose as a core element of fundamental or systemic change (O'Reilly & Tushman, 2013; Schmitt et al., 2018; Besharov & Mitzinneck, 2023; G. R. Bushe, 2021; Henderson, 2021a), defined as a significant shift in behavior and outcomes after a transformation within a system (Hollander et al., 2017).

At the same time, transitions to more sustainable economic models – particularly the circular economy (CE) – require organizations to fundamentally rethink their structures, processes, and stakeholder relationships. The CE aims to replace the traditional linear “take-make-dispose” model with regenerative systems to increase resilience and longevity in harmony with the environment (Geissdoerfer et al., 2018). While realizing the potential benefits of CE is considered promising, its implementation is often limited to isolated initiatives with questionable economic viability, inadequate measurement, and rising greenwashing claims (Bocken et al., 2014; Kirchherr et al., 2018). Scholars and practitioners increasingly recognize that realizing the promise of circularity requires more than technological and material innovation – it demands systemic change supported by new mindsets, business, and governance models.

High-growth companies and coalitions have demonstrated the potential of purpose-centered strategies in reshaping industries and redefining value propositions (Knowles et al., 2022; Malnight et al., 2019), and serving multiple stakeholders' interests (Battilana et al.,

2022). For example, Logitech, a pioneer in consumer electronics, has embedded purpose at the core of its identity, strategy, and operations, combining human-centricity and sustainability. The company has emerged as an industry leader in circularity – committing early to carbon labeling, product transparency, and closed-loop product and solution design – demonstrating how purpose can guide long-term innovation and stakeholder trust (Logitech Impact Report, 2024). An example of a purpose-driven, cross-sectoral initiative is the Alliance to Zero, a consortium of life science companies, including manufacturers and suppliers. Focused on achieving net-zero and circular practices in the pharmaceutical value chain, the alliance is advancing shared innovation projects, pre-competitive collaboration, and global implementation projects -displaying how a collectively defined purpose can orchestrate systemic change (*Alliance to Zero*, 2025). However, the role of purpose in driving organizational renewal and industry-wide change – transforming value chains, fostering cross-sectoral partnerships, and catalyzing social shifts – remains underexplored (Henderson, 2021b; Tushman et al., 2024).

By addressing these gaps, we aim to conceptualize corporate purpose not only from a normative and strategic, but also from a systemic perspective. Drawing from disciplines such as strategic management, system theory, organizational change, and circular economy, we examine how purpose can trigger and facilitate the reconfiguration of organizational structures, stakeholder relationships, and value creation logics necessary for CE adoption. We argue that purpose, when deeply embedded, can provide direction, motivation, and legitimacy for transformative efforts towards circularity that go beyond incremental corporate social responsibility (CSR).

The article is structured around three analytical themes. First, we clarify the definition of corporate purpose, thereby “de-cluttering” the term and delineating what it is and is not, aiming to reduce conceptual ambiguity. Second, we explore the characteristics and mechanisms of purpose-driven organizations, focusing on how purpose enables them to transform in response to CE imperatives. Finally, we outline a future research agenda that positions purpose as a normative foundation, strategic compass, and systemic enabler of circular economy transitions at the organizational and ecosystem levels.

## 2. Defining Purpose: What It Is and What It Is Not?

Organizational purpose has been studied since the beginning of the 20<sup>th</sup> century and is rooted in organizational psychology, though it gained broader interest in the late 1980s (Gartenberg & Serafeim, 2022; Hurth et al., 2018; Selznick, 1984). As a guiding principle and organizational ideal, purpose is intuitively comprehensive and often remains abstract and ambiguous, carrying varied meanings for different stakeholders (Jasinenko & Steuber, 2023; Steller & Moellering, 2024). To illuminate the multifaceted nature of purpose, this article examines its content, function, and potential benefits, and defines its boundaries in relation to other concepts.

### Integrative Umbrella for Multiple Goals and Functions

Purpose defines the normative constitution of an organization (Bleicher, 1991) and can be operationalized in three main content categories to guide the organizational conduct. A functional purpose content is ambition-driven and competitive, and drives innovation, enhances customer-centricity, and boosts productivity (Dhanesh, 2020; Fontán et al., 2019;

Kershaw & Schuster, 2021). Social purpose content targets contributing to the common good, improving lives, and bringing people together. A pro-“social purpose” describes a strong linkage between organizational purpose and the pursuit of societal goals while creating profits (Hsieh et al., 2018). Grewal et al. (2017) highlight that a well-defined higher purpose can strengthen stakeholder relations, fostering greater engagement and emotional bonds rooted in a shared identity. Thus, an inspirational purpose content strives to motivate and excite (Jasinenko & Steuber, 2023).

Gulati (2022) points out the integrative role of purpose that can address multiple perspectives at the same time. He defines purpose as a unifying statement of the commercial and social problems a business intends to profitably solve for its stakeholders (Gulati, 2022). Uniting diverse and often conflicting goals under one framing or “umbrella” requires a multifaceted definition of purpose that can therefore remain general and calls for further operationalization.

For example, Logitech’s purpose, “Extend human potential in work and play” is an example of the integrative role of purpose. The organization positions itself as a bridge between people and the digital world, aiming to create meaningful experiences that enhance how users interact with technology in both professional and personal contexts (Logitech, 2025a). It consolidates multiple dimensions that guide Logitech’s overall conduct: the functional promise of high-performance, reliability, and ergonomics that enhance productivity, gaming, and digital interaction, the social commitment to human-centricity (“Design with People” approach), diversity, inclusion, and community engagement; and finally, inspiring by empowering creativity, enabling fulfilling lives, and driving positive change for people and planet (Logitech, 2025b). These multiple ambitions are implemented in strategic initiatives, innovation guidelines, and cultural code throughout the global operations.

A variety of different interpretations regarding the function and impact of an organization’s purpose has been developed. First, the economic perspective provided by Mayer (2021) suggests that organizational purpose is necessary to create problem-solving organizations, and as a consequence, dual-purpose or hybrid organizations, which balance both financial and environmental or social objectives (Battilana et al., 2019). A growing consensus among economic scholars reflects that purpose has a positive impact on a company’s performance and financials (Cardona & Rey, 2022; Gartenberg et al., 2019).

Second, another stream of thought focuses only on creating a positive environmental and social impact (Marques, 2019; Narbel & Muff, 2017; Thakor & Quinn, 2013; van Ingen et al., 2021; von Ahsen & Gauch, 2022). Purpose-driven companies can positively contribute to Sustainable Development by aligning their vision, mission, and values to promote sustainability (Baumgartner, 2014). According to Fleischer (2021), embedding corporate purpose throughout the value chain is a critical factor to achieve societal impacts.

Third, growing research evidence shows the potential benefits of a purpose orientation without being linked to social or environmental outcomes: higher productivity and growth rates (O’Brien et al., 2019), authentic value creation for stakeholders by improving their satisfaction and optimism (O’Brien et al., 2019; Rodríguez Vela et al., 2017; von Ahsen & Gauch, 2022), or an opportunity to unlock new sources of innovation (Henderson, 2021b). The design and delivery of remarkable brands, products, and services with a higher customer orientation can also serve as an organizational purpose (von Ahsen & Gauch, 2022).

## Purpose is not Corporate Social Responsibility

The notion that businesses have responsibilities toward society and the environment has long shaped debates in both academic and practitioner communities (Wang et al., 2016). Over time, numerous constructs have emerged (Brosch, 2023; Carroll, 1979), and corporate social responsibility (CSR) has been established as one of the dominant frameworks to capture these responsibilities (Brosch, 2023; Crilly et al., 2015). It is a broad umbrella term encompassing ethical practices, stakeholder engagement, and sustainability initiatives. Given the apparent overlap between the elements of corporate purpose and CSR, it is understandable that the boundaries between these concepts may sometimes become unclear.

Corporate Purpose and CSR are both holistic concepts that guide businesses in their business operations and interactions with stakeholders. They share several metrics: First, both emphasize the long-term value creation for stakeholders and society (Senge, 2008). Second, both concepts promote the involvement of and engagement across multiple stakeholder groups (Lacy & Rutqvist, 2015). Third, organizations focused on purpose and CSR often measure success with non-financial outcomes, such as loyalty, trust, and engagement, rather than short-term financial gains (Porter & Kramer, 2011).

Equating purpose with CSR risks oversimplifying the concept and failing to recognize its deeper strategic implications. While CSR often addresses *what* companies do to mitigate negative externalities, corporate purpose defines *why* a company exists in the first place—and how it integrates societal value into its core strategic logic. Purpose lies at the strategic core, guiding decision-making and aligning all organizational activities towards a common goal (Bocken et al., 2014). In contrast, CSR is often viewed as peripheral to the business model, demonstrated by specific practices that organizations implement to fulfill ethical obligations to society (Brosch, 2023; Geissdoerfer et al., 2018). For example, CSR initiatives such as corporate philanthropy may operate independently of an organization's core strategic focus (Carroll, 2016). CSR success is frequently demonstrated by compliance with regulations, adherence to ethical standards, or the completion of specific initiatives (Meadows, 2008).

Corporate purpose encompasses a transformative vision and a clear sense that can drive innovation and collaboration within and beyond the organization (J. C. Collins & Porras, 1991; Porter & Kramer, 2011). A well-defined purpose can provide direction and coherence for CSR initiatives, aligning them with the overarching goals of the organization (Gartenberg & Serafeim, 2022). Purpose success is often measured by the organization's ability to fulfill its purpose and create shared value for all stakeholders. This broader perspective necessitates innovative metrics that capture qualitative outcomes (Hollander et al., 2017).

The distinction between corporate purpose and CSR becomes especially salient when looking at circular economy (CE) adoption. Many firms still approach CE through the lens of CSR – launching pilot programs, reporting recycled content, or sponsoring awareness campaigns. But these efforts often remain symbolic and disconnected from the business model (Bocken et al., 2014; Kirchherr et al., 2018). CE is seldom anchored in the company's mission and vision (Kirchherr et al., 2018; Pheifer, 2017), and scholars argue for the importance of integrating CE into strategic and business development agendas (Diaz et al., 2022; Kuhlmann et al., 2023; Takacs et al., 2022).



Research shows that one of the greatest barriers to CE implementation is the lack of strategic integration and leadership commitment (Moktadir et al., 2020). The role of leadership is to frame and position CE as a source of competitive advantages and new value creation (Simpson et al., 2004; Stewart & Gapp, 2014). Takacs et al. (2022) found that economically dominated thinking causes managers to weigh business risks associated with CE against the environmental risk of doing nothing, as well as causing a lack of guidance on how to manage trade-offs between short-term profits and long-term investments into CE. The notion that managers lack guidance and are unwilling to engage in trade-offs supports the point made by Brosch (2023) that sustainability initiatives, such as CE, can be seen by organizations as an add-on decoupled from core business strategy. In contrast, corporate purpose is the very element shaping and influencing core business operations, strategy, and mission (George et al., 2023). Consequently, striving for sustainability or being responsible should not be equated with being purpose-driven.

When circularity is treated as a CSR activity, it competes with rather than shapes core business priorities. In contrast, a purpose-led approach positions CE as a strategic imperative—framing it as essential to the organization’s identity and long-term value creation (Brosch, 2023; George et al., 2023). A clear illustration of the difference between CSR and purpose can be seen in the transformation of Clariant, a specialty chemicals company (Clariant Annual Report, 2021, 2024). Clariant’s approach to sustainability is the embodiment of its corporate purpose: “*Greater chemistry – between people and planet.*” Since the introduction of the purpose statement and purpose-led strategy 2021, the company has established purpose as the organizing principle of every core function—from R&D to supply chains and customer engagement. Product portfolios are restructured to meet sustainability goals, with emission reductions validated by the Science Based Targets initiative (Clariant, 2021). Additionally, Purpose is reflected in board-level oversight and employee incentives, ensuring accountability. Finally, Clariant collaborates across industries to reshape value chains and accelerate circular innovation as a founding member of the Global Impact Coalition (Global Impact Coalition, 2025; Estrada et al., 2025). The example of Clariant’s shows how a circular strategy can be directly aligned with its purpose-driven strategy and operating model. It demonstrates the transformative potential of purpose: to reorient not only what a business does, but why and how it operates (Steller, Björck & Volberda, 2025).

### **Purpose is not a Mission or a Vision, but guides them**

Corporate purpose directs the mission and vision (J. C. Collins & Porras, 1996; Margolis & Hansen, 2002; Shee & Abratt, 1989). However, often purpose, mission, and vision are used interchangeably (Ingenhoff & Fuhrer, 2010). The reason for such confusion may be that many companies express their purposes through mission statements (Ingenhoff & Fuhrer, 2010). The purpose and vision are long-term oriented, while the mission is short- to mid-term oriented (J. C. Collins & Porras, 1991, 1996). Compared to the purpose, which will be ever pursued, the vision and mission aim to be accomplished (J. C. Collins & Porras, 1996). Although these terms share similarities, they also have distinct differences. While corporate purpose describes the “why” (J. C. Collins & Porras, 1991), the vision depicts *what* state the company desires to be in the future and provides a direction that a firm aims for (where?). The mission articulates *how* to achieve that state (Fitzsimmons et al., 2022) and is typically framed for internal stakeholders, with an

emphasis on unifying employees to work toward a common goal (Hsu, 2017; Ingenhoff & Fuhrer, 2010).

Consequently, adopting a strong purpose could provide the foundations for embedding CE in the broader mission, vision, and strategic goals and align the multiple organizational changes needed for CE with the competitive strategy of the company, a critical enabler of CE according to authors (Diaz et al., 2022; Kuhlmann et al., 2023).

### Purpose is both Goal- and Duty-Based

In their meta-analysis, George et al. (2023) articulate a comprehensive and multidimensional definition of purpose, goal- and duty-based, that relates to the aforementioned concepts while simultaneously delineating its boundaries. A goal-based corporate purpose is underpinned by three core elements: mission, vision, and strategic intent. The mission defines and conveys the first pillar of the organization's purpose by establishing its identity, values, and the approach to achieving its objectives. The vision represents the organization's long-term aspiration and serves as the second cornerstone of its overarching purpose. The third pillar, strategic intent, emphasizes a unified organizational focus by setting clear objectives and a strategic orientation that empowers the organization to achieve competitive advantage and surpass its rivals (George et al., 2023; Steller & Björck, 2024).

More recent research explores a duty-based perspective on corporate purpose that builds on three additional pillars: values, social service, and stewardship. The fourth pillar, *values*, establishes that purpose must be grounded in intrinsic beliefs and core principles to ensure credibility, while the fifth pillar, *social service*, highlights the incorporation of common good objectives into corporate strategies (George et al., 2023). Finally, the sixth pillar, *stewardship*, underscores the responsibility to minimize their ecological footprint and adopt sustainable business models (George et al., 2023). To fulfill this duty, companies integrate environmental metrics into their operations and ensure consistent monitoring and measurement of their environmental performance (George et al., 2021). The previously discussed multifaceted and integrative nature of purpose requires that the goal-based and duty-based perspectives do not represent a dichotomy, but rather as a continuum that organizations must critically define and deliberate upon. For example, in Coca-Cola, leading soft drinks manufacturer, the Purpose “refresh the world and make a difference” includes, at the same time goal-based dimension – the company aims to provide physical refreshment and inspire positive experiences – and a duty-based dimension – a contribution to the well-being of individuals and communities (Coca-Cola Company, 2025).

Taking a multidimensional approach to purpose, as suggested by George et al. (2023) can provide a framework for discussing the role of CE in the company (assuming the purpose aligns with CE). Is the alignment with CE duty-based or goal-based? Is CE seen as a moral obligation or a strategic driver of growth? For example, a furniture company may choose to reduce waste, recycle, and repurpose used furniture, even when it is not financially viable, because it aligns with core values of stewardship and social service set out by the company's purpose. Such an approach would exemplify a duty-oriented approach to CE. The same furniture company could also choose to develop modular product lines designed for easy disassembly, reconfiguration, reuse, and resale as a strategic means to attract customers and growth, achieving both business and CE goals, which would exemplify a goal-oriented approach to CE. The chosen paths entail different strategic choices and trade-offs.

Breaking purpose down into the elements suggested by George et al. (2023) can help facilitate discussion and decision-making on the strategic goals, priorities, and trade-offs needed to operationalize the purpose, and by extension CE. As such, a strong purpose can help organizations understand and gain clarity the implications of the chosen approach to CE, such as needed structural changes (Arekrans et al., 2023), goal formulation, metrics and follow-up (Roos Lindgreen et al., 2022) and business model innovation (Santa-Maria et al., 2022) while drawing on the many benefits of a strong purpose, such as allowing financial and pro-social goals to co-exist as equals (Beer et al., 2011; Björck et al., 2023; Hollensbe et al., 2014; Rey et al., 2019) while providing clarity and guidance for organizational members (Gartenberg & Serafeim, 2022).

### 3. What is a purpose-driven organization?

Drawing on Gartenberg (2022) and O'Brien et al. (2019), a purpose-driven for-profit organization can be defined as an organization that strives to find a common motivational purpose pursued by all its stakeholders, with this corporate purpose reinforced throughout all its activities and business conduct. Two main characteristics of the purpose-driven organization become evident: active engagement of the organization's stakeholders and the necessity of implementation through business activities and behavior.

First, purpose-driven organizations rely on building and sustaining relational capital – they are able to engage and motivate all their stakeholders to achieve a common goal (Henderson, 2021b). To make purpose explicit, an ongoing dialogue with stakeholders is necessary that at the same time gives the organization direction and unity (Hurth et al., 2018; Morrison & Mota, 2023; Rey et al., 2019; Steller & Björck, 2024). Organizations need to be able to instill a sense of purpose to provide meaning for employees and attract new talent. This can be achieved by shaping and defining purpose, and providing a guiding framework for decisions to foster consistent behavior (Gartenberg & Serafeim, 2022; Mirvis et al., 2010; Saleem & Iglesias, 2016). To create real impact, however, purpose must be connected to employees through actions, knowledge, and internalization (Lleó et al., 2020).

Another example that thrives under a purpose-driven paradigm are *open innovation initiatives*. By leveraging external ideas and technologies, organizations can accelerate internal innovation processes (Chesbrough, 2003). Open innovation encourages close collaboration and co-creation of value through stakeholder relations and engagement. Firms that integrate purpose with open innovation models can effectively mobilize external knowledge and resources to address complex problems (Chesbrough & Di Minin, 2014), such as those inherent in circular economy initiatives. Johnson & Johnson, a pharmaceutical and medical technology company, has successfully connected its purpose, the Credo established already 1947, with its substantial open innovation activities and is recognized as a global leader in open innovation in healthcare (Johnson & Johnson, 2025). Since the early 2010s, J&J's open innovation journey accelerated with the launch of J Labs and resulted in over 600 companies being incubated there (Saionz, 2023). Currently, over 50 % of the pipeline of the company stems from external innovation (imec, 2023). Consequently, corporate purpose can be seen as a management concept that serves as a way to manage an organization, its stakeholders, and inter-organizational initiatives, providing the glue that holds everything together (J. C. Collins & Porras, 1996).



As a consequence, purpose-driven organizations create strategic opportunities by *collaborating with stakeholders* and creating *purpose-driven ecosystems* (Holden, 1997; van Ingen et al., 2021). One study of an environmentally purpose-driven SME found that the organization was able to increase its resilience and customer loyalty by embedding itself strongly in the local community through collaborating with local suppliers and institutions (H. Collins & Saliba, 2020). Another example is Alliance to Zero, demonstrating how a purpose-driven coalition can engage and motivate multiple players through strategies such as: shared purpose and urgency – launching net-zero pharmaceutical products in regulated markets by 2030; inclusive and cross-functional membership by connecting traditionally siloed actors from every stage of the pharma supply chain, joint strategic roadmaps and implementation inter-company working groups, and delivering tangible value and accountability for all participants (Alliance to Zero, 2025).

Second, an organization needs to fully commit its practices and management to creating a structured and organized way of fulfilling its purpose. The fundamental idea is that the purpose is defined and then implemented into projects and programs that then translate the purpose into actions (Almandoz et al., 2018). In other words, a purpose-driven transformation creates *a process* through which the alignment of all organizational dimensions is pursued (Lleó et al., 2020). For example, managers and leaders play a crucial role in ensuring that employees understand their responsibilities, the methods for executing them, and, most importantly, the underlying purpose behind their work—effectively translating organizational purpose into concrete actions, tasks, and skills (Rey et al., 2019). One way to create a connection to this ‘why factor’ is to clarify how employees’ tasks and projects serve to achieve the purpose of the organization (Almandoz et al., 2018; Shuck & Rose, 2013). Bailey and Madden (2016) argue that the meaningfulness of work arises from an ecosystem that encourages understanding of the organization’s purpose and involves meaningful functions and tasks through interesting and respectful interactions.

#### 4. Purpose-driven System Transformation

Organizational transformation is commonly defined as a fundamental change process that aligns the purpose, systems, and structures with one another (Moser, 2016). Transformation processes demand a systematic, integrative, and constructive approach that will likely require rigorous planning (Al-Haddad & Kotnour, 2015). Moreover, it is often seen as a type of change that is large in scale (Allaoui et al., 2018) and when it changes norms, values, and management form, a particularly prolonged process (Ghoshal & Bartlett, 1988). Organizational transformation can also be interpreted as an identity transition through the adaptation of the underlying organizational values architecture, and re-evaluation of moral ideals with the goal to create a new value architecture and common understanding (Glissman & Sanz, 2009; Rerup et al., 2022; Silver, 2018). When initializing such transitions, organizations focus on developing the organizational culture (Al-Haddad & Kotnour, 2015).

Within broader interdisciplinary frameworks, purpose is a critical element in various systems as a motivator and framework for guiding decision-making and actions. For instance, the exploration of purpose in system design often revolves around aligning individual or organizational goals with functional outcomes, ensuring a sense of direction that transcends mere task execution (AshaRani et al., 2022; Rosenman & Gero, 1999). Embedding purpose involves iterative steps to conceptualize purpose, align it with measur-

able impact, and embed it within collaborative frameworks with stakeholders. Purpose helps designers understand the goals of their creations and facilitates communication and alignment in collaborative environments (Rosenman & Gero, 1999). As a result, a purpose-driven system design demonstrates enhanced resilience, meaningful engagement, and sustained innovation, particularly when contextualized within collaborative or technological systems (Elgendy et al., 2017). Studies in similar domains affirm the necessity of defining purpose in multifaceted ways, including well-being, operational and performance goals, and social integration, which collectively enhance outcomes.

Corporate purpose plays a critical role in helping organizations evolve in the context of complexity and uncertainty. Binns, Tushman, and O'Reilly (2022) show that purpose fosters disruptive innovation by encouraging strategic ambition, risk-taking, and emotional engagement, which aligns employees and innovation with long-term strategy. The authors argue that creating an emotionally engaging purpose can motivate employees and align innovation with corporate strategy, providing an alternative to fear-based change approaches. They also highlight three enablers of renewal: empowering leadership, ambidextrous operational models, and alignment with evolving market opportunities. Complementing this, Bushe (2023) proposes a change model that privileges purpose over vision, enabling flexible, stakeholder-driven adaptation. This model emphasizes iterative learning, self-organization, and a purpose-framed response to challenges (Bushe, 2021; Pregmark et al., 2023). Through steps such as reframing challenges, facilitating generative dialogue, and scaling successful innovations, organizations can become more agile and effective in driving transformational change.

Mayer (2021) argues that a transformation toward purpose requires reform of organizations' ownership, regulation, company law, corporate governance, and performance evaluation. Henderson (2021a) sees a transformation towards purpose as a system transformation. As such it can be characterized as a type of social change aimed at the alteration of the entire social structure of institutions. Similarly, CE implementation poses considerable challenges for incumbent firms, including the need for cross-sector coordination, value chain redesign, and new governance structures (Parida et al., 2019). CE often requires challenging dominant norms and experimenting with new business models—an endeavor that aligns with the mentioned generative and exploratory function of purpose (Binns et al., 2022; Bushe, 2021). By embedding CE ambitions into their core purpose, organizations can frame circularity as a central element of their strategic identity. This framing legitimizes long-term investments in closed-loop supply chains, circular design, and reverse logistics systems. In this context, corporate purpose can serve as a powerful catalyst for aligning CE objectives with strategic, cultural, and operational renewal.

Purpose-led organizations are particularly well-positioned to lead CE transformations due to their ability to articulate a long-term vision that transcends narrow financial objectives and emphasizes collective value creation. Companies such as Johnson & Johnson, Clariant, Logitech, and coalitions such as Alliance to Zero, mentioned in this article, provide convincing examples. Parida et al. (2019) highlight how large manufacturing companies can orchestrate CE ecosystems by leveraging purpose to foster cross-sectoral partnerships and align actors around shared sustainability objectives. Similarly, Modgil et al. (2022) demonstrate how big-data-enabled decision-making within purpose-led firms can facilitate CE adoption by enabling large-scale coordination and transparency.

While the strategic integration of corporate purpose and circular economy (CE) principles holds transformative potential, it is not without significant risks. These risks stem from implementation challenges, strategic misalignment, cultural resistance, and external legitimacy dynamics. Understanding these risks is critical to avoid idealizing purpose or overestimating the organizational readiness for circular transformation. One of the most frequently cited risks is purpose-washing—the adoption of purpose language without meaningful integration into decision-making, governance, or incentives (Brosch, 2023). When purpose is communicated as a high-level aspiration but not reflected in strategic choices, resource allocation, or leadership behavior, it undermines internal credibility and external legitimacy (Gulati & Wohlgezogen, 2023).

Similarly, circularity-washing is emerging as a reputational hazard. Several authors highlight the systemic barriers to CE; and the need for clearer policy and regulation (Kirchherr et al., 2018; Takacs et al., 2022). Companies may promote circular product features (e.g., recyclability or biodegradable materials) while neglecting systemic changes to supply chains, business models, or end-of-life logistics. These symbolic efforts not only dilute the meaning of CE but also erode trust among stakeholders and regulators (Kirchherr et al., 2018).

The integration of broad societal goals—such as sustainability, inclusivity, or resilience—into core strategy can blur organizational priorities and complicate decision-making. Purpose-driven organizations often face tensions between commercial objectives and moral or environmental imperatives (Battilana et al., 2022). Without clear frameworks for managing trade-offs, leaders may struggle to maintain focus or make difficult choices. This risk is particularly pronounced in CE transitions, which often require long-term investments, higher short-term costs, or cannibalization of existing business models (Takacs et al., 2022). Firms may revert to incrementalism, abandon circular initiatives under financial pressure, or engage in double-speak to appease conflicting stakeholder expectations.

Implementing a purpose-driven, circular strategy often requires a deep shift in organizational culture, values, and mindsets. Employees may resist such changes if they perceive them as top-down impositions, disconnected from day-to-day work, or inconsistent with how success is rewarded (Almandoz et al., 2018; Ghoshal & Bartlett, 1988). Middle managers, in particular, may struggle to translate purpose into operational decisions without appropriate tools or support (Björck et al., 2024). Moreover, circularity often demands cross-functional collaboration, experimentation, and learning practices that may conflict with legacy structures or short-term performance metrics. If purpose is not translated into actionable routines, it may remain abstract or even breed cynicism.

## 5. Towards a Future Research Agenda linking Corporate Purpose and Systemic Change towards Circularity

In this paper, we discussed the multiple facets of purpose and aimed to advance its understanding by linking it to organizational transformation and systemic change. We refined the conceptual boundaries of corporate purpose, delineated what it is - and what it is not - thereby interpreting the construct from a process-oriented perspective and its application within the context of systemic change and CE implementation.

We identify three dimensions that are relevant for the role of purpose as a driver of a system change towards circularity: normative, strategic, and systemic. First, organizational

purpose is a normative construct that serves as a guiding principle and core reason for existence (Campbell & Yeung, 1991; Hurth et al., 2018). Grounded in stewardship, social service, and values (George et al., 2023), purpose serves as the ethical foundation for goals and conduct distinct from CSR or compliance-oriented ethics. Second, corporate purpose is a strategic construct that aligns value creation with societal needs, enabling the organization to create shared value (Porter & Kramer, 2011). It informs vision, mission, and strategic intent, acting as a directional guide for resource allocation, competitive advantage, and trade-offs. (Gulati, 2022) calls it “unifying strategic anchor”. Third, emerging research highlights purpose’s role as a systemic change agent and its potential to catalyze first organizational and then industry-wide transformation. It serves as an organizing principle that enables organizations to participate in or lead broader system changes in response to complex challenges such as circularity: by shaping how firms interact with other actors, redefining value chains, and orchestrating ecosystem-level transformation (Baumgartner, 2014; Henderson, 2021b).

By exploring the characteristics of purpose-driven organizations and the mechanisms through which such organizations effect systemic change towards achieving their purpose, we have identified three dimensions relevant for the process understanding of purpose: First, purpose is a unifying and motivational framework. Purpose-driven organizations are defined by their ability to cultivate a shared motivational purpose that aligns stakeholders and informs organizational conduct (Gartenberg, 2021; O’Brien et al., 2019). By fostering relational capital, purpose acts as a guiding framework that motivates stakeholders, attracts talent, and aligns actions with long-term goals in and beyond the single organization (Henderson, 2021b).

Second, integrating purpose within operational and cultural systems is critical to translating purpose into actionable outcomes. When operationalized and made explicit, purpose can serve as a strategic framework for guiding actions and measuring implementation progress and impact (Steller & Björck, 2024). This alignment requires iterative steps, including framing, translation into measurable objectives, and embedding purpose into strategic processes (Almandoz et al., 2018; Björck et al., 2023; Rey et al., 2019).

Third, a purpose-driven transformation entails a fundamental reconfiguration of operating model, governance, and incentivization to create alignment with stated purpose (Birkinshaw et al., 2014; Ghoshal & Bartlett, 1988, 1994; Moser, 2016). This transformation reflects an identity shift achieved through a re-evaluation of organizational norms and goals (Rerup et al., 2022), but also its role in enhancing resilience across dynamic environments (Binns et al., 2022).

By combining these six dimensions we synthesize a research agenda that highlights directions for future inquiry in this domain. Table 1 summarizes the research directions, conceptual tensions, and provides exemplary research questions.

Table 1: Future Research Agenda (Own illustration)

Exemplary Conceptual Tensions and Research Questions	
<b>Research Direction 1:</b> Clarifying the Conceptual Boundaries and Strategic Role of Purpose	<i>Tension: What distinguishes purpose from adjacent concepts, and how does it shape organizational identity and strategic intent in circular transitions?</i> <ul style="list-style-type: none"><li>▪ How can corporate purpose be conceptually differentiated from CSR and sustainability, particularly in the context of circular economy (CE) transitions?</li><li>▪ In what ways do the six pillars of corporate purpose (George et. al., 2023) interact to enable long-term, purpose-driven transformation?</li><li>▪ To what extent does conceptual ambiguity hinder strategic alignment and implementation of CE initiatives?</li><li>▪ How can purpose be framed and operationalized to serve as a strategic foundation for circular innovation in incumbent firms?</li></ul>
<b>Research Direction 2:</b> Investigating Purpose as a Mechanism for Stakeholder Alignment and Collective Action	<i>Tension: How does purpose foster internal and external collaboration across diverse and conflicting interests?</i> <ul style="list-style-type: none"><li>▪ What motivational dynamics and identity mechanisms align employees and external stakeholders around circular goals?</li><li>▪ How do organizations co-create and sustain purpose narratives in interorganizational and cooperative CE ecosystems?</li><li>▪ What role does purpose play in fostering trust and commitment in complex stakeholder networks, especially where value creation is diffuse?</li></ul>
<b>Research Direction 3:</b> Embedding Purpose into Organizational Systems and Practices	<i>Tension: How is purpose operationalized into daily practices and operational routines?</i> <ul style="list-style-type: none"><li>▪ What iterative processes support the alignment of structures, culture, and systems with purpose-driven CE goals?</li><li>▪ How do leadership styles and governance models enable or hinder purpose integration?</li><li>▪ Which management tools, KPIs, and incentive systems effectively embed purpose into circular business models (e.g., closed-loop systems, product-service systems)?</li><li>▪ What organizational conditions facilitate or block the translation of purpose into operational CE outcomes?</li></ul>
<b>Research Direction 4:</b> Purpose as a Catalyst for Systemic Innovation and Ecosystem Orchestration	<i>Tension: Can purpose drive not only organizational change but also lead multi-actor system transformation?</i> <ul style="list-style-type: none"><li>▪ How does purpose enable firms to lead ecosystem orchestration for circularity, including standard-setting and coordination?</li><li>▪ In what ways does purpose foster ambidexterity between exploitation and exploration in CE contexts?</li><li>▪ How do purpose-driven firms create pre-competitive collaboration platforms, such as the Alliance to Zero, to accelerate industry-wide change?</li></ul>



## Exemplary Conceptual Tensions and Research Questions

- Research Direction 5:** Navigating the Risks, Tensions, and Limits of Purpose-Driven Circularity  
*Tension: What are the risks and vulnerabilities of embedding purpose in circular transitions?*
- What are the risks of purpose-washing and circularity-washing, and how can they be identified and mitigated?
  - Under what conditions does purpose lead to overextension, strategic ambiguity, or internal resistance?
  - How do organizations manage tensions between purpose-led ambitions and short-term commercial pressures in CE implementation?
- Research Direction 6:** Assessing Purpose Maturity and Systemic Impact  
*Tension: How do we evaluate the effectiveness and depth of purpose-driven transformation in circular transitions?*
- Which metrics capture the long-term, systemic impact of corporate purpose on organizational renewal and circular value creation?
  - What maturity models and indicators can assess the progression from stated to embedded purpose in CE transitions?
  - How can firms and ecosystems measure the alignment between purpose, performance, and sustainability outcomes?
- Research Direction 7:** Advancing Methodological Approaches to Study Purpose in Systemic Change  
*Tension: How can we better observe, trace, and theorize purpose-driven change over time and across systems?*
- What longitudinal and processual methods best capture how purpose shapes CE transformation trajectories?
  - How can network analysis and system mapping be applied to trace purpose-driven influence in innovation ecosystems?
  - What comparative designs can illuminate variation in purpose implementation across industries or regions?

The first research direction is to refine the conceptual clarity of corporate purpose by distinguishing it from related constructs such as CSR, mission, and vision—especially in the context of circular economy (CE). This includes advancing the process-oriented perspective of corporate purpose as a normative framework, strategic instrument, and systemic change agent. Future studies should investigate how purpose differs in its intent, scope, and integration, particularly when framed as a normative foundation, strategic compass, and systemic enabler of change. Researchers should explore how purpose interacts with constructs like values, stewardship, and social service, and how it guides long-term value creation in contexts of structural transformation. A unified framework encompassing purpose's multiple facets could improve theory building and empirical testing (George et al., 2023).

The second research direction focuses on how purpose functions as a relational and motivational mechanism. In circular settings—often marked by interdependence and coordination failure—purpose may offer a shared language that builds trust, reduces opportunism, and enables collective action. CE offers a fruitful context to investigate the mechanisms through which shared purpose is emerging and being co-created in collaborative and cooperative settings in intra- and cross-industry environments, how it evolves as stakeholder complexity grows, and how it influences behavioral shifts among employees, suppliers, consumers, and regulators (Bocken et al., 2014). Particular attention is needed to understand how purpose helps resolve goal conflicts and support stakeholder alignment in ecosystems where power asymmetries and competing incentives persist.

The third research direction is to examine how organizations embed purpose into internal systems, enabling it to guide behavior at all levels. In CE transitions, this includes

aligning purpose with decision-making logic, performance metrics, and incentive structures (Björck et al., 2023; Rey et al., 2019). Future research should explore how purpose is enacted through strategy formulation, resource allocation, product innovation, and HR practices—while accounting for the roles of emotional, political, and cognitive work (Steller & Björck, 2025). Investigating cross-functional and cross-boundary coordination mechanisms is particularly relevant for CE, where systemic integration often requires breaking down organizational silos and involving actors from outside the firm.

Purpose has the potential to serve as an orchestration mechanism for multi-actor CE ecosystems. The fourth future research direction should investigate how purpose-driven firms initiate or coordinate cross-sector collaborations (Baumgartner, 2014; Gulati, 2022), engage in pre-competitive innovation, and influence industry standards and policy environments. Studies could examine how purpose-driven firms use purpose to align diverse actors around shared circular goals. This includes examining how businesses can facilitate collaboration with governments, communities, and consumers to co-create value and drive sustainable practices (Lacy & Rutqvist, 2015). Relatedly, researchers should explore the conditions under which purpose supports ambidexterity—balancing core business pressures with exploration of new, circular value creation models. The challenging balance between conscious control and momentum, temporality horizons, and multiple goals and interests within the processes calls for future research (Henderson, 2021a).

A critical and often neglected research direction concerns the risks and limits of purpose-driven transformation. These include purpose-washing, strategic ambiguity, initiative fatigue, and the risk of decoupling purpose from core decision-making (Knowles et al., 2022). Future research should explore when and why purpose backfires—such as when short-term commercial pressures override long-term intentions, or when stakeholder skepticism undermines legitimacy. Scholars should examine how organizations navigate tensions between economic rationality and environmental ethics, and how trade-offs are managed in circular innovation processes. Investigating the structural, cultural, and cognitive barriers to purpose realization will help distinguish authentic transformation from symbolic adoption.

The sixth research direction explores the impact and maturity measurement of Purpose-driven Systemic Renewal respectively Circular Transformation. To establish the legitimacy and effectiveness of corporate purpose in systemic change, research should develop methodologies for measuring its impact on organizational performance, stakeholder satisfaction, and other societal outcomes. This includes exploring frameworks for impact measurement, feedback mechanisms, and iterative adjustments that ensure consistency between articulated purpose and realized outcomes (Björck et al., 2023; Henderson, 2021b). Furthermore, defining and implementing suitable quantitative and qualitative KPIs measuring the maturity of the purpose-driven system renewal should also be part of future investigations (Björck et al., 2023).

The final seventh research direction encompasses methodological considerations for future research. To advance empirical inquiry into purpose-driven systemic change, future research should consider adopting methodological approaches suited to complexity, such as longitudinal case studies, process tracing, and ecosystem mapping. These can help uncover how purpose evolves over time, how it diffuses across networks, and how it interacts with institutional and material structures. Comparative designs across industries or national systems would help uncover contingency in how purpose is implemented or

resisted. In addition, network analysis, design thinking, and participatory methods may also illuminate how purpose-driven firms function as orchestrators in CE ecosystems. Methodological innovation is key to unpacking the recursive dynamics between purpose, structure, and systemic outcomes.

## 6. Conclusion

This conceptual research aimed to explore the role of corporate purpose in systemic change, particularly in the context of transitions toward a circular economy (CE). Through a process-oriented lens, we positioned purpose not only as a normative and strategic concept but also as a lever for systemic renewal. By distinguishing purpose from related constructs such as CSR, we highlighted its unique capacity to unify stakeholders, guide organizational identity, and catalyze transformation.

Purpose-driven organizations are characterized by their ability to integrate purpose into strategic, cultural, and operational domains. This integration enables them to navigate complexity, build relational capital, and drive innovation across internal and external boundaries. When embedded in decision-making processes, purpose becomes a generative force that aligns diverse actors and enables organizations to pursue ambitious transformations, such as those required for CE. In the context of circular transitions, purpose serves as both a compass and an engine for change. It fosters collaboration, legitimizes long-term investments, and supports new governance models. Purpose-oriented firms are increasingly acting as orchestrators in circular ecosystems, shaping not only markets but also institutional policy.

The future research agenda we propose outlines seven key directions—ranging from conceptual clarification and stakeholder motivation to operational embedding and systemic innovation. Each direction is enriched with CE-specific questions to encourage targeted inquiry. In addition, we emphasize the need for methodological pluralism to capture the complex, evolving dynamics of purpose-led change.

In alignment with Durand & Huynh (2024), corporate purpose is more than a rhetorical statement—it is a strategic and systemic tool for addressing complex shifts within and beyond organizational borders. By advancing theory and offering pathways for empirical exploration, this paper contributes to a growing understanding of how purpose can enable organizations to drive meaningful, measurable, and enduring change in the age of circularity.

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