



# ASX100 Purpose Matters

## A Review of the Purpose Statements of the ASX100

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### **Acknowledgments**

In producing a report such as this, there are many people to acknowledge and thank as without them it would not have been possible. Within this context particular thanks are due to Mr. Dave Allen the founder of Brandpie, the spark who lit the fire that resulted in this report.

### **Acknowledgement of Country**

In the main, this report was written on the traditional lands of the Yugarabul, Yuggera, Jagera, Turrbal and Gubbi Gubbi peoples. We acknowledge the traditional owners and custodians of the lands on which we live and work and pay our respects to Elders, past, present, and future, and extend that respect to all Aboriginal and Torres Strait Islander people. We recognise sovereignty was never ceded and that the land that is Australia was founded on the genocide and dispossession of First Nations people. We acknowledge that colonial structures are still in place and as such the struggles of First Nations peoples continues. The wounds that have lasted for generations will perpetuate forward and not heal unless we engage in ongoing listening and discussion with those who have been and still are so harmed. The process of full healing will take generations and we support all efforts to achieve justice, recognition, and respect for all First Nations people. We humbly receive their advice and guidance on how to realise such outcomes so that we can all move together into a better future.

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# Foreword

Companies with a strong sense of purpose have been found to have more attractive brands<sup>i</sup>, enhanced employee attraction<sup>ii</sup> and improved growth<sup>iii</sup>. Such results highlight how purpose matters and if it infuses an organisation, can help power progress.

However, as with so many things, what is easily stated is more difficult to enact. As Brandpie's 2023 annual CEO survey<sup>iv</sup> found, 89% of CEOs claim their company has a purpose yet the key challenge they face is moving from words to action, from the creation of a statement to making it relevant and actionable throughout the organisation. Driving purpose into an organisation requires engagement beyond the C-suite and in turn this means that an actionable purpose statement should also bring clarity, focus, alignment, empowerment, and guidance on decision making. In turn this implies that a purpose statement should be succinct; connect the core of the business to the challenges the world faces, reference a broad set of stakeholders and reinforce notions of stewardship and enduring business change.

Building from this base we analysed the publicly available purpose statements of some of Australia's largest companies, those listed on the ASX100. Our analysis of

the ASX100 companies and their purpose statements proceeded through three screens. The first, the difference in the financial and ESG performance of the companies in the ASX100 that had a publicly available purpose statement relative to those that did not have a purpose statement. The second screen was the relative succinctness of purpose statements (their number of words). The third and final screen was to review the content of the statements and whether they aided decision making by (1) connecting to the core of the business and the problems the world faces, (2) identified stakeholders, and (3) were about now or the longer-term (the future).

The results are illuminating. They reveal that 72% of companies in the ASX100 have a purpose statement and that those with a statement outperformed, on average, those companies without a purpose statement, when considering ESG metrics. Turning to succinctness, the average length of a purpose statement was 15 words and the most popular number of words in a statement was 11. Further those companies with fewer words in their statement (less than or equal to 11) tended to have improved ESG performance relative to those companies with longer statements. We hypothesise this is because such statements are easier to transmit through the organisation and thus, they get beyond the C-suite to all stakeholders. Last, when

considering the content of the statements the results were mixed. Of the ASX100 companies with a purpose statement, 68% mention a stakeholder, 32% do not. The most popular stakeholder being people. 55% of the statements connect to the core of the business and the problems the world faces, 45% do not. And 26% of the statements are long-term orientated, 74% are not.

Consequently, within the ASX100, 28% of companies should consider developing a purpose statement and making it public. While within those that have a purpose statement, up to 31 of them could make improvements to their statement by ensuring it connects the company's core business to the problems the world faces and possibly stating who the target stakeholders are. Likewise, approximately 50% of the companies with a purpose

statement could make it more succinct and would likely see improved ESG performance. Such improvements would enhance clarity in decision making and help CEOs, executives and managers use their company purpose statement to help drive their business forward.

To summarise, a well-crafted succinct purpose statement can signal progress and while many ASX100 companies are powering forward, there is room for improvement.

**If you would like to discuss the findings of this report please contact: [Prof. Nick Barter](#) or [Ms. Joanne Kerr](#) on LinkedIn.**

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**Companies with a purpose statement outperform those that don't on ESG metrics.**

# Introduction

The purpose of a corporation, its why, those words, that statement has come to the fore over the last decade. An indicator of this prominence is that corporate purpose is now searched on Google nearly twice as often as it was a decade ago<sup>v</sup>, and annual global surveys of CEOs are conducted to understand its progress<sup>vi</sup>. In short, purpose matters.

However, while purpose may matter now and increasingly so over the last decade, debates about business purpose have a long history. For example, Cadbury and Sunlight Soap considered the purpose of their companies over one hundred years ago. During the late 19th century, they provided housing for their workers<sup>vii</sup> and as such indicated that the purpose of the company was more than money. Then in the 20th century, the purpose of corporations was debated within the Harvard Law Review. One side of the debate advocated for shareholder primacy, the other for a wider perspective that considered secure employment, quality products and societal wellbeing.

Approximately 70 years ago, in 1954, the argument appeared settled in favour of the broader conception of purpose, with

the general tenor being that organisations provide secure employment and wider societal benefits<sup>viii</sup>. Yet, less than twenty years later, Milton Friedman tipped the scales in favour of the purpose of a corporation being narrow and focused on shareholder primacy.

Since then, Friedman's position has dominated. The purpose of a corporation being shareholder primacy has been relatively uncontested. This dominance has driven business thinking, theory, and teaching<sup>ix</sup>. However, more recently, there have been renewed calls for considering a wider perspective of stakeholders not just shareholders. Some of the rumblings for change have come from Larry Fink the Chair and CEO of BlackRock, the Business Roundtable of America, and the World Economic Forum. For example, the Business Roundtable of America adopted a new statement that the purpose of a corporation is to deliver value for all stakeholders<sup>x</sup>. While the World Economic Forum's 2020 Davos Manifesto argued that the purpose of a company was to "engage all its stakeholders in shared and sustained value creation"<sup>xi</sup>.

Then in 2021, Mr. Fink argued that purposeful companies outperform their peers and have better environment, social and governance (ESG) profiles, an argument reinforced by some of the findings in this report<sup>xiii</sup>. This shift is perhaps to be expected given the



systemic challenges facing society and how businesses as tools of society cannot optimise their value and help in solving those challenges if they only take a narrow shareholder primacy view.

Shifting from history to the theory of purpose, a corporation's purpose is considered its why, its guiding philosophy<sup>xiv</sup>. It is a statement, and thus a language device that aims to shape the thoughts and acts of organisational stakeholders. Hence, its aim, alongside the other components of a company's narrative framework (vision, mission and values) is to guide and inform decision-making and behaviours. In this way, purpose has a significant role in shaping a business, and as might be expected, this means there is plenty of advice regarding what makes for a good statement.

For example, it has been argued that a purpose statement should be succinct and convey 'how the organisation fills basic

human needs," while also having the ability to linger for 100 years or more and grab the soul of each organisational member<sup>xv</sup>.

Similarly, it has been argued that a purpose statement should be pro-social and embody an enduring reason for the organisation to exist. Thus, it should be a framing device for how decisions are made, as well as a unifier and motivator for stakeholders and a guide to the identification of long-term profitable opportunities<sup>xvi</sup>.

Going further, it has been argued that purpose statements should be simple to understand, connect the culture to the strategy, owned by all stakeholders, aligned to metrics, and exemplified through marketing and communications. This has been termed a SCORE framework (simplify, connect, own, reward, exemplify)<sup>xvii</sup>. In addition, it has been argued that a purpose statement should be significant, aspirational, directional, unifying and motivating<sup>xvii</sup>.

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In examining the ASX100 purpose statements we sought to understand succinctness, stakeholder focus, long-term orientation and whether they connected what their business does to what the world needs.





Further the statement should be societal, have an explicit reference to human problems, be authentic, reflect the organisation's true aims, be believable, and not too grandiose. A statement should also clearly state who benefits and at the same time be engaging to the reader and grab their attention<sup>xix</sup>. Last given the current social media context it has been argued that stories about the corporate purpose should be Instagramable<sup>xx</sup>.

To summarise, purpose statements are expected to do a lot and it is perhaps a statement of the obvious that such a statement is unlikely to be able to do all this work without it being enacted effectively by organisational participants. Thus, the eternal challenge in organisations of aligning what they espouse with what they enact.

Nevertheless, synthesising the above and putting aside subjective value judgments such as whether a purpose statement is for example meaningful, authentic, or aspirational, what emerges is that a purpose statement should ideally be succinct, focus on stakeholders, connect to the core of the business and the challenges the world faces to enable the guiding of decisions, and reinforce notions of stewardship, perhaps through a long-term orientation.

Building from this discussion, we reviewed the publicly available purpose statements of

the 100 largest companies on the Australian Stock Exchange (the ASX100). We analysed their purpose statements through three different screens. The first was to identify which companies in the ASX100 had a purpose statement and which did not and then understand if having a purpose statement correlated to ESG (Environment, Social and Governance) and financial performance. The second screen was to review the length of the purpose statements, their succinctness. The third screen was to categorise the statements by (1) whether they identified stakeholders, (2) did they or did they not connect to the core of the business and the problems the world faces, and (3) did they or did they not have a long-term (future) orientation. The results of these three pieces of analysis form the core of this report.

To close this introduction, the report proceeds by outlining the method of analysis. This is followed by the presentation of the results and then from there discussion and conclusions are drawn. It is important to note that given this study was contained to a small sample of companies, the value of this work is not in what it proves, but rather what it suggests<sup>xxi</sup>.

# Method of Analysis

The list of ASX100 companies was gathered in March of 2023, then due to elapsed time re-gathered in June 2023, as the ASX100 list is updated every three months. As a result, 102 companies were analysed because during the time of the review some new companies joined the ASX100 while others fell away<sup>xxii</sup>.

Once the list of companies was gathered, the corporate website of each was reviewed for their publicly available purpose statement. Typically, such statements are found in the 'About Us' section of the website or alternatively listed on the company's investor relations pages. When gathering this data, if the purpose statement was not immediately evident, a simple search of the site usually brought forward a result.

Once the statements were gathered, they were analysed in a manner consistent with that indicated in the introduction. Hence the first screen was to explore how companies with and without purpose statements compare when considering their ESG and financial performance. The ESG data was gathered from the Refinitiv database. From there, the second screen was to calculate the word count of each of the purpose statements and then cross-reference this to ESG and financial data.

The third screen was to code the purpose statements relative to (1) if and which stakeholders were mentioned, (2) whether the statement clearly connected to the core business of the company and the challenges the world faces, and (3) whether the statement was focused on the long-term (future) or the now. This coding was done using the software NVivo. The codebook for this was developed through discussions between the research team. Once this coding was completed, the data was then cross-referenced to ESG and financial data.

# Results

As indicated previously, 102 ASX100 companies were reviewed and of these 72 (70%) had purpose statements with 30 (30%) not having an identifiable purpose statement on their website or in publicly available documentation. From here the first screen was to review companies with a purpose statement relative to those without one against ESG performance and financial metrics. The statistical analysis of this data revealed that companies with a purpose statement have a statistically higher overall ESG score relative to companies that do not have a purpose statement. When considering financial performance, the results were inconclusive<sup>xxii</sup>.

Within the ESG analysis, companies with a purpose statement have statistically higher individual E, S and or G score. Then for the E (environmental) score components, companies with a purpose statement score statistically higher on resource use, emissions, and innovation relative to companies that do not have a purpose statement. Further within the S (social) score components, companies with a purpose statement have statistically higher scores for workforce, human rights, and

community relative to companies that do not have a purpose statement. Last within the G (governance) score components, companies with a purpose statement score statistically higher than companies without a purpose statement on management and the integration of the SDGs (Sustainable Development Goals) into business strategy.

Moving from whether a company did or did not have a publicly identifiable purpose statement the second screen was to review the word count of statements (their succinctness). The spread of the purpose statements relative to the number of words in the statement can be seen in Figure 1. As the figure indicates the most popular number of words in a statement was 11, with the low being 3 and the high being 90 words. The average number of words in a statement was 15 and the median was 11.

When reviewing the results cumulatively, 80% of the companies had 22 words or less in their purpose statement, as indicated in Figure 2.

Once the word count of the statements was calculated the data was cross-referenced to financial and ESG performance data<sup>xxiv</sup> and using the median number of words in a statement (11) as a pivot point, analysis revealed that companies with a purpose statement of 11 words or less score statistically higher on their ESG score relative to companies with a purpose statement that is 12 words or more in length.

Further companies with 11 words or less score statistically higher on the individual E, S and G scores. Then within the E score components, they score statistically higher on emissions, and environmental innovation but not on resource use. Within the S score components, they score statistically higher on workforce, human rights, and community. And within the G score components they score statistically higher on management and corporate social responsibility. However, when considering length of purpose statement relative to financial performance results were inconclusive.

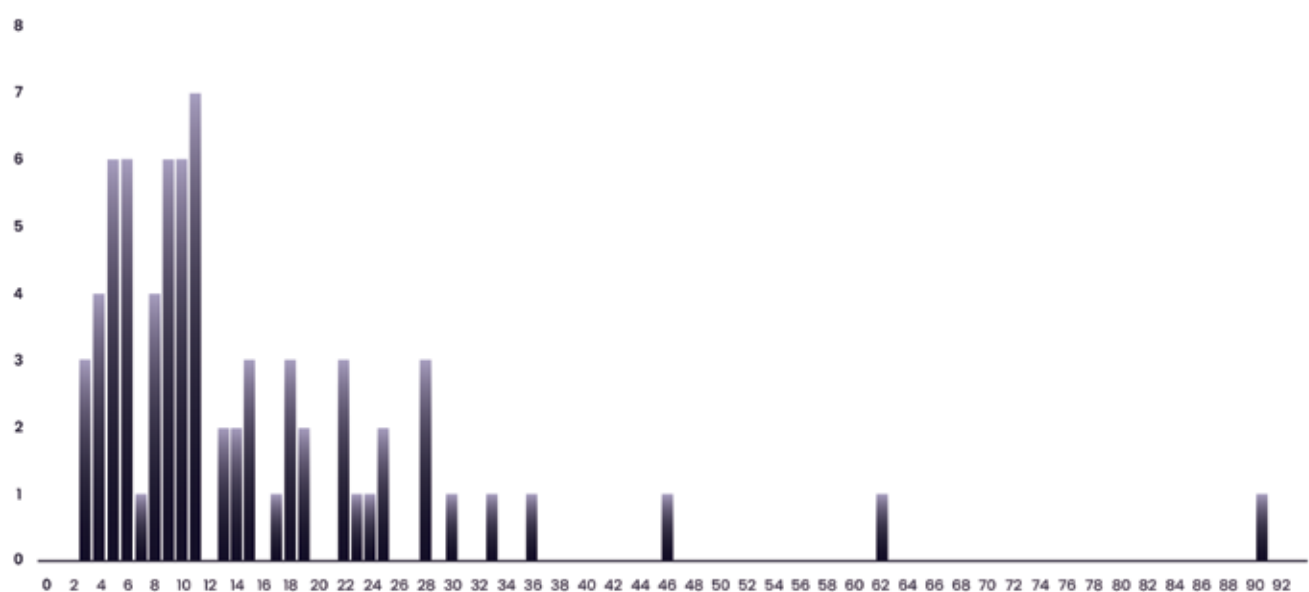


Figure 1: ASX100 Purpose Statements by Word Count of Statement

Moving on from succinctness, the third and final screen was to review the content of the purpose statements and if that content; (1) clearly connected to the core business of the company and the problems the world faces, (2) whether the statement was focused on the long-term (future) or the now and (3) did it mention stakeholders and which ones.

This analysis was conducted by coding the statements in NVivo. As can be seen below, 40 (55%) purpose statements were identified as connecting, with 32 (45%) not. When cross-referencing to the number of words in a purpose statement, the average number of words in statements that connects was 18 compared to 11 for those statements that do not.

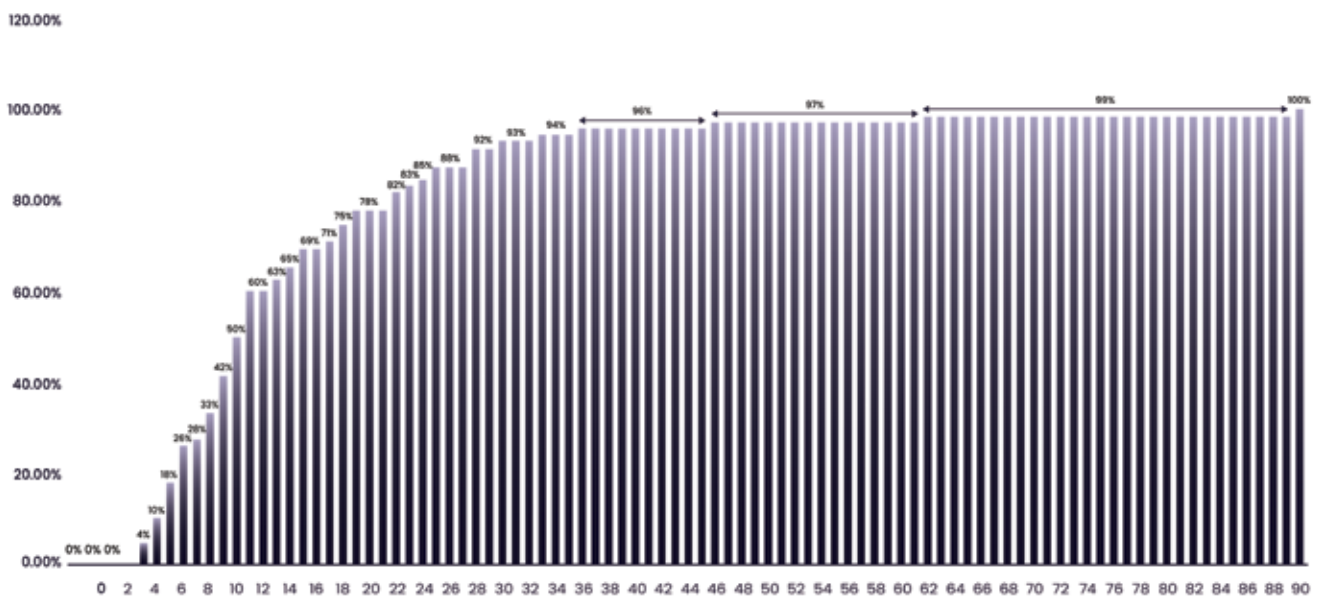


Figure 2: Cumulative Percentage of ASX100 Purpose Statements by Word Count of Statement

As can be seen in Figure 3, 40 (55%) purpose statements were identified as connecting, with 32 (45%) not. When cross-referencing to the number of words in a purpose statement, the average number of words in statements that connects was 18 compared to 11 for those statements that do not.

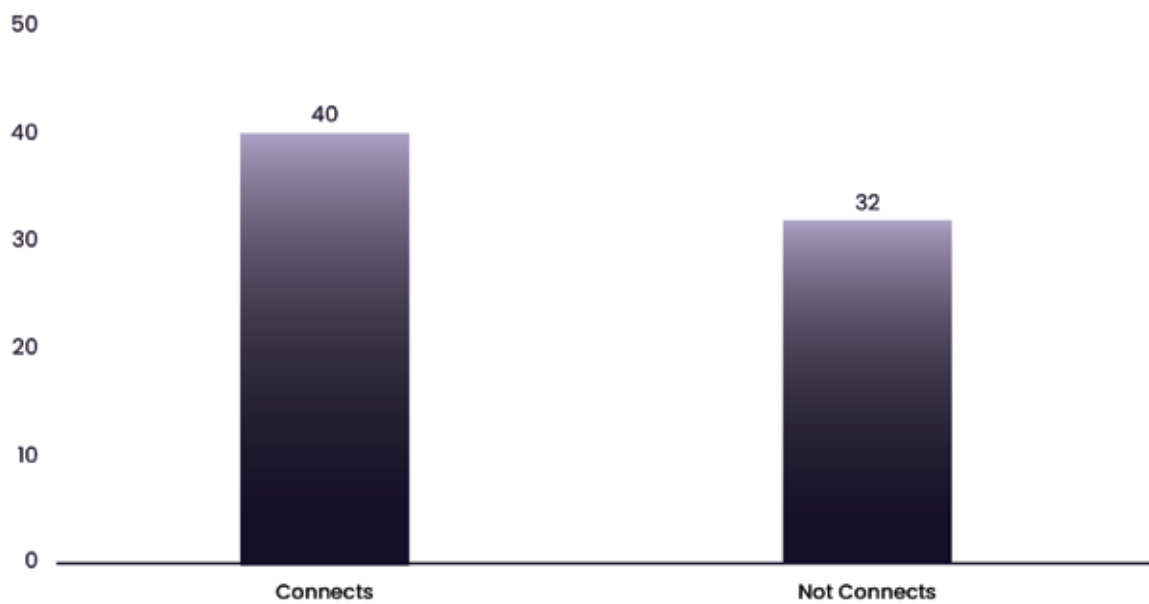


Figure 3: ASX100 Purpose Statements Content – Connect/Does Not Connect the Core Business

Then, when considering whether the purpose statement was focused on the long-term (future) or now, as can be seen in Figure 4, 19 (26%) had a future orientation relative to 53 (74%) having a now orientation. In cross-referencing to the number of words in a purpose statement, the average number of words in a long-term orientated statement was 17 compared to a now orientated statement having 14.

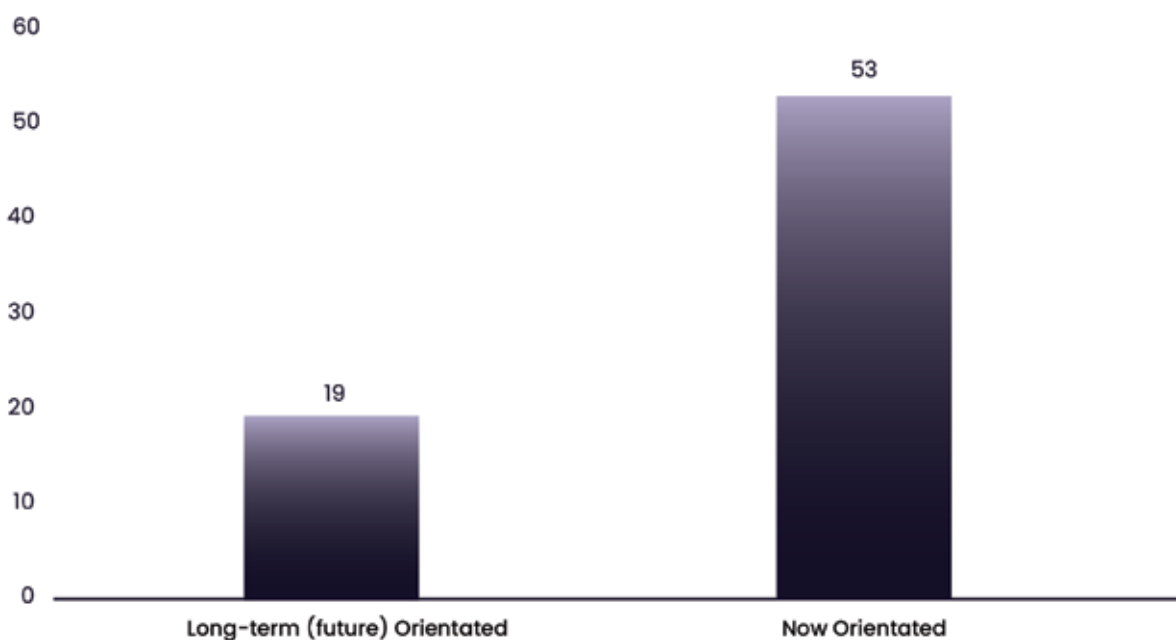


Figure 4: ASX100 Purpose Statements Content –Connect/Does Not Connect the Core Business

Last, when considering stakeholders, as can be seen in Figure 5, the most popular stakeholder to refer to was 'people'. 31 purpose statements referred to 'people'<sup>xxv</sup>, the second most popular stakeholder to refer to was 'customers', then 'surroundings'<sup>xxvi</sup> and then 'shareholders'. The least mentioned were 'employees', 'business partners and suppliers' and 'future generations'. Notably, 23 purpose statements did not mention any stakeholders at all.

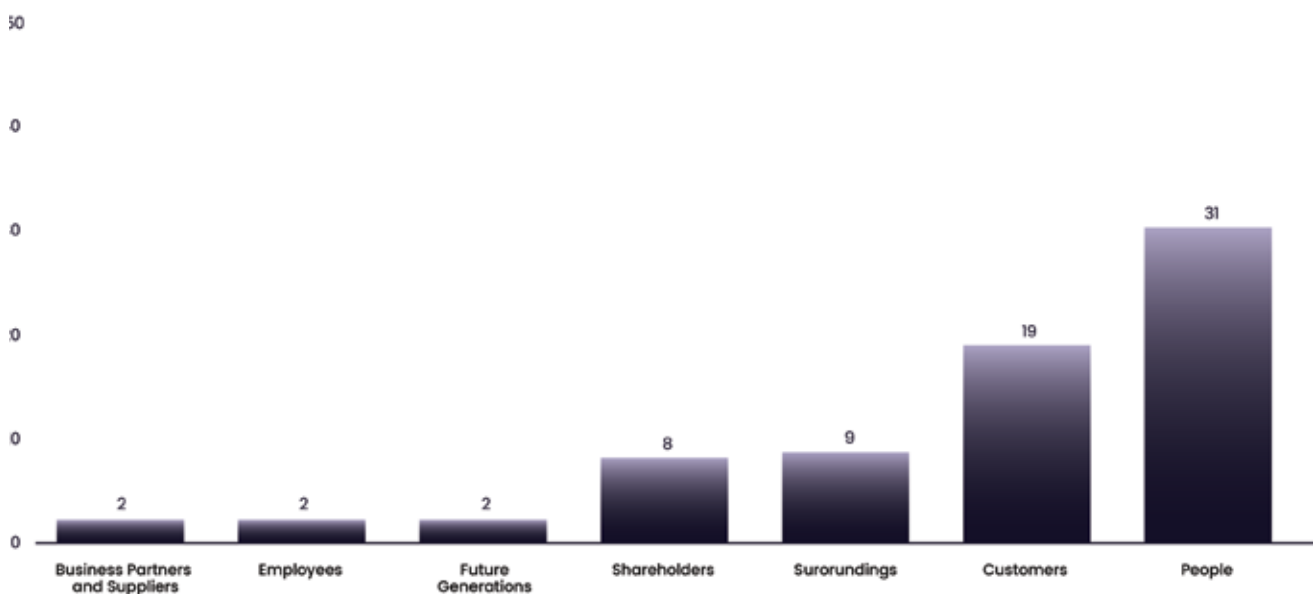


Figure 5: ASX100 Purpose Statements Content – Stakeholders are Referred to in the Purpose Statements



When cross-referencing the stakeholders mentioned against the number of words in a purpose statement, the number of words in a purpose statement that mentioned each stakeholder is outlined in Table 1.

Table 1: Stakeholders mentioned in a Purpose Statement Relative to the Average Number of Words in the Statement

Stakeholders Mentioned	No. Purpose Statements in Sample	Average Number of Words in a Purpose Statement
Business Partners and Suppliers	2	24
Employees	2	15
Future Generations	2	23
Shareholders	8	29
Surroundings	9	14
Customers	19	24
People	31	19
Not Evident	23	10

Digging a little further into stakeholder representation, as one purpose statement could refer to more than one stakeholder, the spread of the statements relative to the number of stakeholders mentioned is shown in Figure 6. As indicated, 33 statements refer to at least one stakeholder with only 16 refer to more than one stakeholder. Of the 33 that did mention one stakeholder the majority (25 out of the 33, 75%) mentioned ‘people’.

When cross-referencing the number of stakeholders mentioned in a purpose statement by the number of words in the statement, as would be expected the more stakeholders mentioned the more words in the statement. For example, if one stakeholder was mentioned the average number of words is 11, for two stakeholders 28 words, three stakeholders 33 words and then for five stakeholders 36 words<sup>xxvii</sup>.

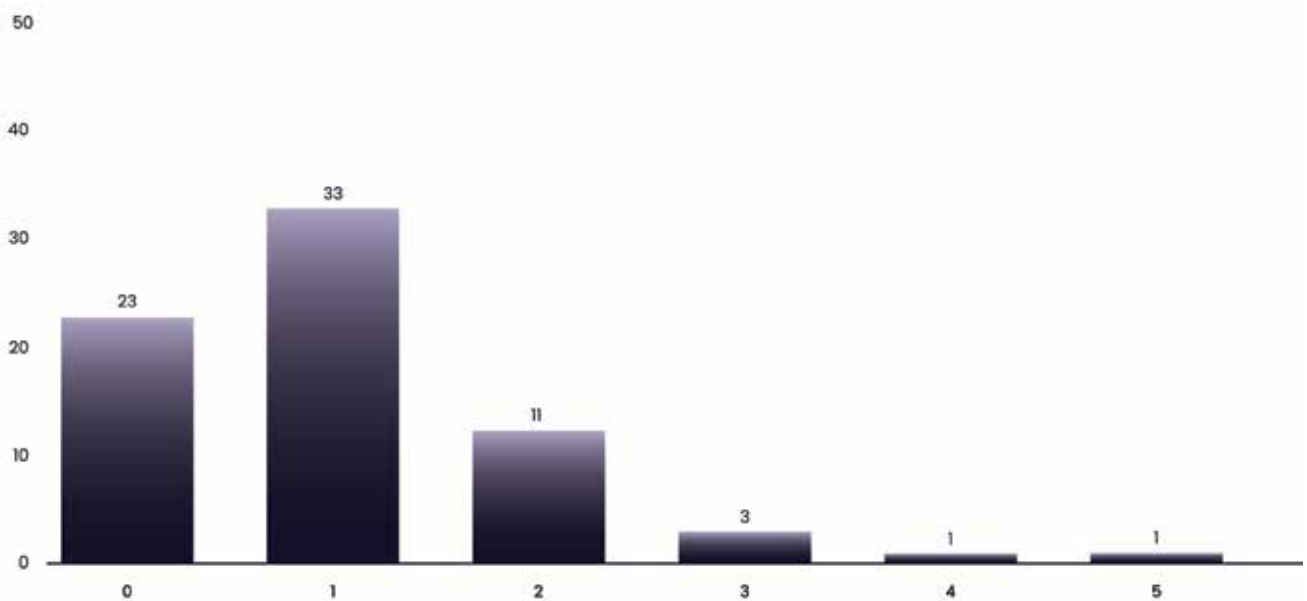


Figure 6: ASX100 Purpose Statements – Number of Stakeholders Mentioned

From here, the next piece of analysis was to explore if there was any correlation between how a purpose statement was coded (stakeholders, connection, future or now) relative to financial and ESG performance. This analysis revealed no correlations.

To close, one final piece of supplementary analysis was also conducted on the coded data. This was to review the coding by industry sector. This revealed that the following industries were higher than the overall average for connecting what they do to what the world needs were; materials, healthcare, energy, and utilities sector.

While below average for connecting were financials, consumer discretionary and consumer staples, industrials, real estate, and information technology.

Similarly, those sectors more focused on the long-term were materials, financials, and consumer staples. Whereas those more focused on the now were healthcare, energy, consumer discretionary, industrials, information technology and utilities. Then within stakeholders, consumer staples companies were particularly prominent in terms of their lack of focus on any stakeholders. Last, when considering length of purpose statements, utilities and consumer staples had the lowest average word count at 7 and 8 words respectively.

To summarise the results, the following was revealed:

- 70% of ASX100 companies have publicly identifiable purpose statements.
- ASX100 companies with a purpose statement relative to those without a purpose statement have:
  - A statistically higher overall ESG score.
  - A statistically higher individual E, S and G score and component scores within the E, S and G.
  - Within the E – higher scores on resource use, emissions, and environmental innovation.  
Within the S – higher scores on workforce, human rights, and community.
  - Within the G – higher scores on management and the integration of the SDGs.
  - Inconclusive results when considering financial performance.
- The purpose statements of the ASX100 companies vary in length from 3 to 90 words with the average being 15 words and the most popular number of words in a statement being 11.
- 80% of the ASX100 companies with a publicly available purpose statement have 22 words or less in their purpose statement.
- ASX100 companies with a publicly available purpose statement of 11 words or less relative to companies with a purpose statement of 12 words or more have;
  - A statistically higher overall ESG score.
  - A statistically higher individual E, S and G score and component scores within E, S and G.
  - Within the E – higher scores on emissions and environmental innovation but not on resource use.
  - Within the S – higher scores on workforce, human rights, and community.
  - Within the G – higher scores on management and corporate social responsibility scores.
  - Inconclusive results when considering financial performance.

- **When reviewing the content of the purpose statements, what was found was:**
  - 40 statements or 55% of those ASX100 companies with a purpose statement have a statement that connects to the core business and the problems the world faces, while 32 (45%) do not. Further the average number of words in a statement that connects is slightly higher at 18 compared to 11 words for a statement that does not connect.
  - When considering the time orientation of a statement, 19 (26%) of ASX100 companies with a purpose statement have a long-term (future) orientation relative to 53 (74%) that have a now orientation. The average number of words in a statement that has a long-term orientation is 17 compared to 14 words for a now orientation. When considering stakeholders:
    - 31 (43%) of those ASX100 companies with a purpose statement identified 'people' in general as a stakeholder. This was followed by 'customers', 'surroundings' and then 'shareholders'.
    - 23 purpose statements do not mention any stakeholders.
    - The average word count of a purpose statement where no stakeholder was mentioned was 10. If one stakeholder is mentioned the average word count is 11.
    - 16 purpose statements identified more than one stakeholder, while 33 statements identified just one stakeholder.
  - When cross-referencing the number of stakeholders mentioned to the number of words in a purpose statement, generally the higher the number of stakeholders the higher the number of words.
  - When considering the content of the statements relative to industry sector it was found that:
    - Industries that were higher than the overall average for connection to core business and the problems of the world were materials, healthcare, energy, and utilities sector. Below average were financials, consumer discretionary and consumer staples, industrials, real estate, and information technology.
    - Sectors more focused on the long-term were materials, financials, and consumer staples. Those more focused on the now were healthcare, energy, consumer discretionary, industrials, information technology and utilities.
    - Within stakeholders, consumer staples companies were particularly prominent in terms of their lack of focus on any stakeholders.
    - When considering length of purpose statements, utilities and consumer staples had the lowest average word count at 7 and 8 words respectively.
  - Last, when considering the content of a purpose statement relative to financial and ESG data no correlations were revealed. Nevertheless, while the content of that statement does not appear to correlate, theory and logic points to an effective and efficient statement being one that connects the business to the problems of the world, identifies stakeholders and is enduring and orientated towards stewardship.



# Discussion and Conclusion

Taken together, the results reveal a series of signals. Signals that ASX100 companies with publicly available purpose statements are performing better on their ESG metrics than those without a publicly available statement. Further, those companies that have shorter statements have on average higher ESG performance compared to those with longer statements. Prima facie this indicates that relatively succinct purpose statements contribute to ASX100 companies shifting to a wider stakeholder perspective and in turn this correlates to ESG results. A result that might be expected given that a purpose statement can connect the company to larger concerns rather than narrow self-interest alone.

Building from this, the content of the purpose statements is variable, some connect to the core, some identify stakeholders, and some are for the long-term. However, of those ASX100 companies with a purpose statement, 32% do not articulate a stakeholder and 43% do not connect the core business to the problems the world faces. While 24% neither mention a stakeholder nor connect.

Thus, there are companies within the ASX100 that could improve their purpose statements by stating who their target stakeholder(s) is, connecting their core business to the problems the world faces and orientating their statement to the long-term to reinforce stewardship.

The advantage of such adjustments would be that such a purpose statement will be more effective in powering the progress of the business as ambiguity will be reduced and strategic drift avoided.

When considering time, the majority of ASX100 companies with a purpose statement (74%) have a now orientation relative to a long-term orientation (26%). The focus on the now orientation is perhaps to be expected given the general short-term focus of listed companies. The clear downside to this is that the companies are not promoting notions of stewardship and legacy, a clear and present challenge given the generational challenges facing society.

Overall, the ASX100 companies are a small sample, and it is important not to extrapolate too far with the results. However, the signal is that a purpose statement matters to improved performance in ESG metrics. And while getting beyond this correlation to causation is not yet understood, it is likely that purpose statements (as part of a company's narrative framework) allow



organisational participants to take a wider perspective and consider stakeholders. In this way, this ESG result chimes with other studies that have indicated purpose statements can be a useful anchor to drive ESG results<sup>xxviii</sup> and that purposeful companies have enhanced loyalty of employees and customers<sup>xxix</sup>. As such the results of this study align with views that a purpose statement can help companies solve societal problems profitably<sup>xxx</sup>.

Last, in our view, a succinct purpose statement that connects, speaks to a broad set of stakeholders, and is focussed on the long-term will inspire. Showing customers and employees that the organisation is about more than narrow self-interest will drive long-term value. Hence, while as always, there is more research to be done, this study reinforces that purpose matters.

# Appendix

**Table 2: List of ASX100 Companies Analysed for this Review**

Company Name									
AGL Energy Ltd	Alikem Ltd	Ails Ltd	Altium Ltd	Amcorg plc	Ampol Ltd	ANZ Group Holdings Ltd	APA Group	Argo Investments Ltd	Aristocrat Leisure Ltd
ASX Ltd	Atlas Arteria	Auckland International Airport Ltd	Aurizon Holdings Ltd	Australian Foundation Investment Company Ltd	Bendigo and Adelaide Bank Ltd	BHP Group Ltd	Bluescope Steel Ltd	Boral Ltd	Brambles Ltd
Carsales.com Ltd	Charter Hall Group	Cleanaway Waste Management Ltd	Cochlear Ltd	Coles Group Ltd	Commonwealth Bank of Australia	Computershare Ltd	CSL Ltd	Dexus	Domino's PIZZA Enterprises Ltd
Ebos Group Ltd	Ebos Group Ltd	Evolution Mining Ltd	Fisher & Paykel Healthcare Corporation Ltd	Flight Centre Travel Group Ltd	Fortescue Metals Group Ltd	Goodman Group Ltd	GPT Group	Harvey Norman Holdings Ltd	IDP Education Ltd
IGO Ltd	Iluka Resources Ltd	Incitec Pivot Ltd	Infratil Ltd	Insurance Australia Group Ltd	James Hardie Industries plc	JB Hi-Fi Ltd	Lendlease Group	Liontown Resources Ltd	Lynas Rare EARTHS Ltd
Macquarie Group Ltd	Mecury NZ Ltd	Medibank Private Ltd	Meridian Energy Ltd	Mineral Resources Ltd	Mirvac Group	National Australia Bank Ltd	New Hope Corporation Ltd	Newcrest Mining Ltd	NEXTDC Ltd
Northern Star Resources Ltd	Orica Ltd	Origin Energy Ltd	Pilbara Minerals Ltd	Pro Medicus Ltd	Qantas Airways Lt	QBE Insurance Group Ltd	QUBE Holdings Ltd	Ramsay Health Care Ltd	REA Group Ltd
Reece Ltd	Resmed Inc	Rio Tinto Ltd	Santos Ltd	Scentre Group	Seek Ltd	Seven Group Holdings Ltd	Sonic Healthcare Ltd	South32 Ltd	Spark New Zealand Ltd
Steadfast Group Ltd	Stockland	Suncorp Group Ltd	Technology One Ltd	Telstra Group Ltd	The a2 Milk Company Ltd	The Lottery Corporation Ltd	TPG Telecom Ltd	Transurban Group	Treasury Wine Estates Ltd
Vicinity Centres	Viva Energy Group Ltd	Washington H Soul Pattinson & Company Ltd	Wesfarmers Ltd	Westpac Banking Corporation	Whitehaven Coal Ltd	Wisetech Global Ltd	Woodside Energy Group Ltd	Woolworths Group Ltd	Worley Ltd
Xero Ltd	Yancoal Australia Ltd								

Note: ASX100 companies are the largest companies listed on the Australian Stock Exchange (ASX) by market capitalisation. The list of companies in the ASX100 changes on the 3rd Friday of every three months (March, June, September and December). Due to these updates and the analysis being conducted between March & June, in total 102 companies were analysed. The first list of companies was gathered on the 27th of March 2023, an updated list on the 16th of May 2023 and then a final list on the 23rd of June 2023.



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Last, in our view, a succinct purpose statement that connects, speaks to a broad set of stakeholders, and is focussed on the long-term will inspire. Showing customers and employees that the organisation is about more than narrow self-interest will drive long-term value. Hence, while as always, there is more research to be done, this study reinforces that purpose matters.



# Coding Technique and Analysis

Coding was conducted using NVivo R1 (2020) for Mac, with the data on the purpose statements being gathered from the companies' websites.

As indicated, the coding was conducted against three key criteria;

1. Whether the purpose statement clearly connected what the business does with what the world needs.
2. Whether the purpose statement was focused on the long-term (future) or now.
3. Whether the purpose statement mentioned stakeholders and is so which ones. The stakeholders were 'business partners and suppliers', 'employees', 'future generations', 'shareholders', 'surroundings', and 'people'. The 'people' code included statements that mentioned 'society' or 'community'. The 'surroundings' code included statements that mentioned the 'world' or the 'environment'.

Once initial coding was conducted by one researcher, all the coding was checked by a second and third researcher and adjustments made. To analyse the coding by word count, sector and relative to financial and ESG values, cross-tabulation queries were initially run in NVivo, then this data was extracted and cross-tabulated within Microsoft Excel against data gathered from the Refinitiv database.



# Additional Tables and Figures

Table 3: Number of Stakeholders mentioned in a Purpose Statement Relative to the Average Number of Words in the Statement

Stakeholders Mentioned	Average Number of Words in a Purpose Statement	No. Purpose Statements in Sample
0	10	23
1	11	33
2	28	11
3	33	3
4	11	1
5	36	1

Table 4: Industry Sector by Average Word Count by Number of Companies in the Sector from the Sample

Industry Sector	Average Number of Words in a Purpose Statement	No. Purpose Statements in Sample
Materials	15	15
Financials	19	12
Healthcare	23	4
Energy	12	4
Consumer Discretionary	12	4
Communications	24	6
Consumer Staples	8	4
Industrials	12	8
Real Estate	12	9
Information Technology	21	2
Utilities	7	4

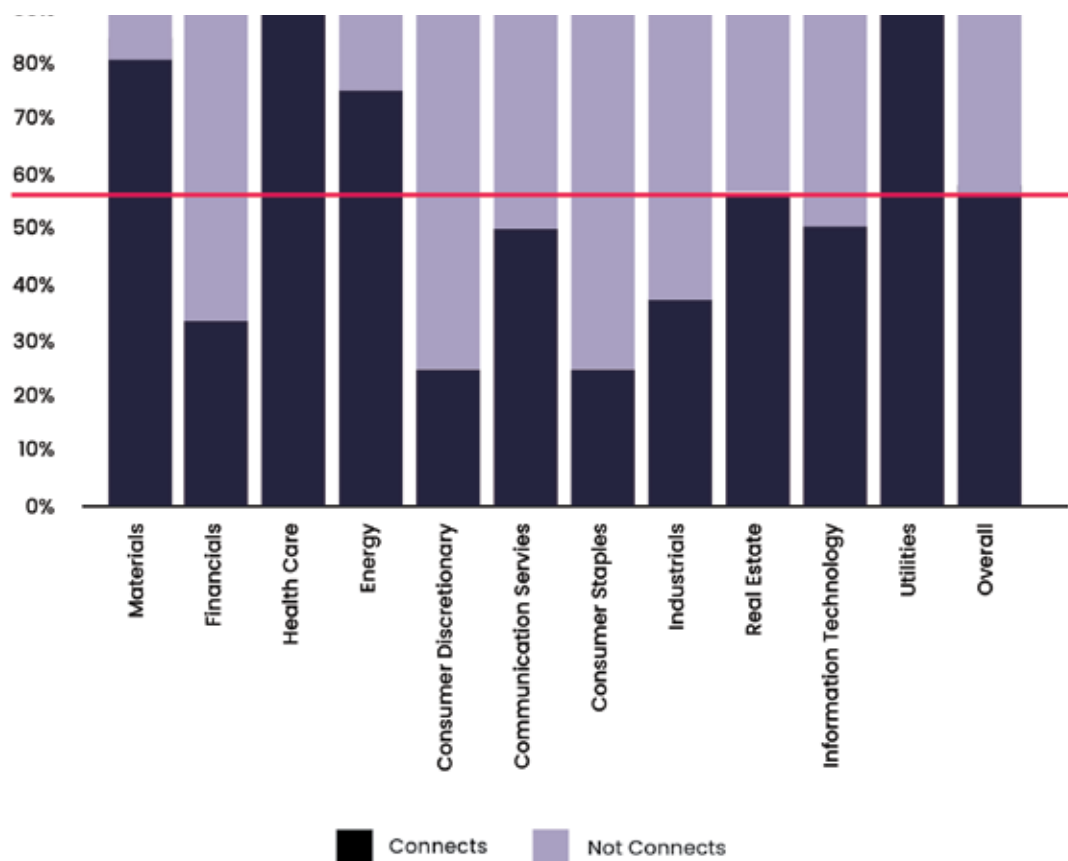


Figure 7: ASX100 Purpose Statements Content – Connects/Does Not Connect by Industry Sector

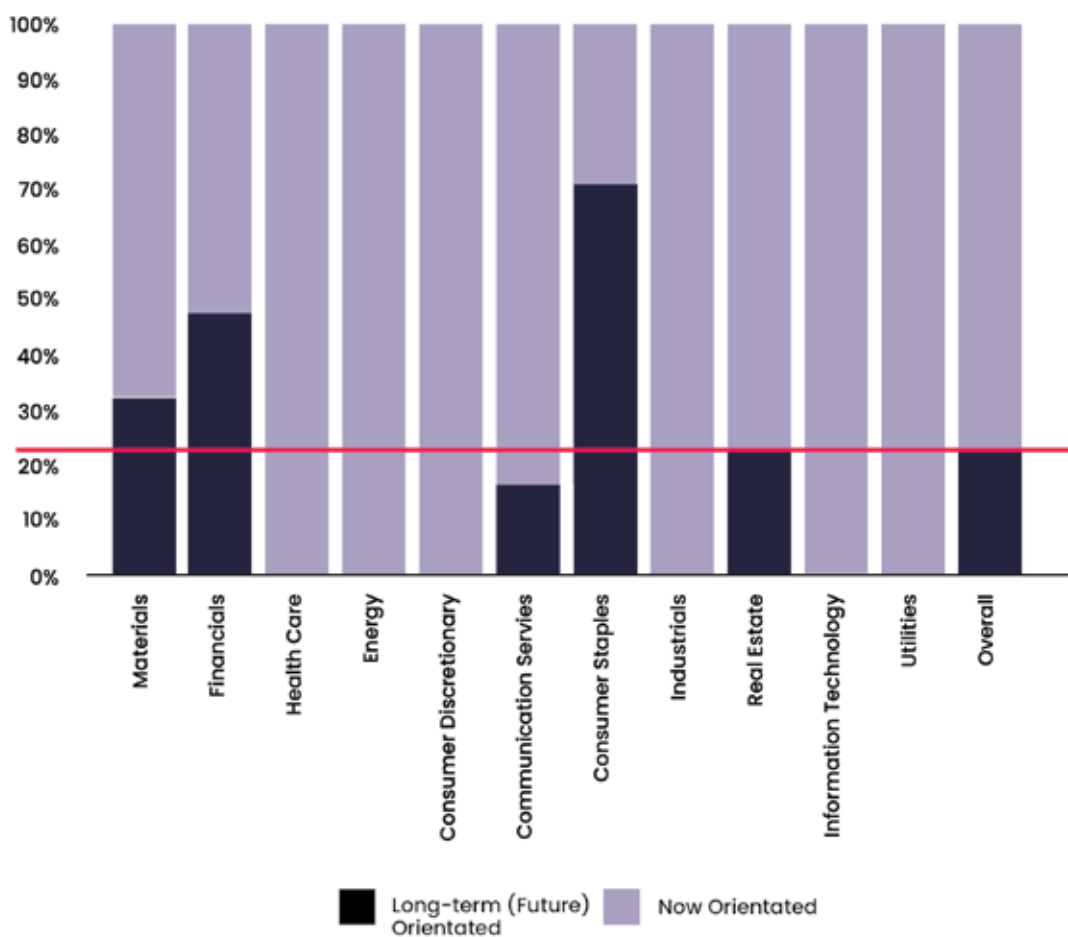


Figure 8: ASX100 Purpose Statements Content – Long-Term/Now by Industry Sector

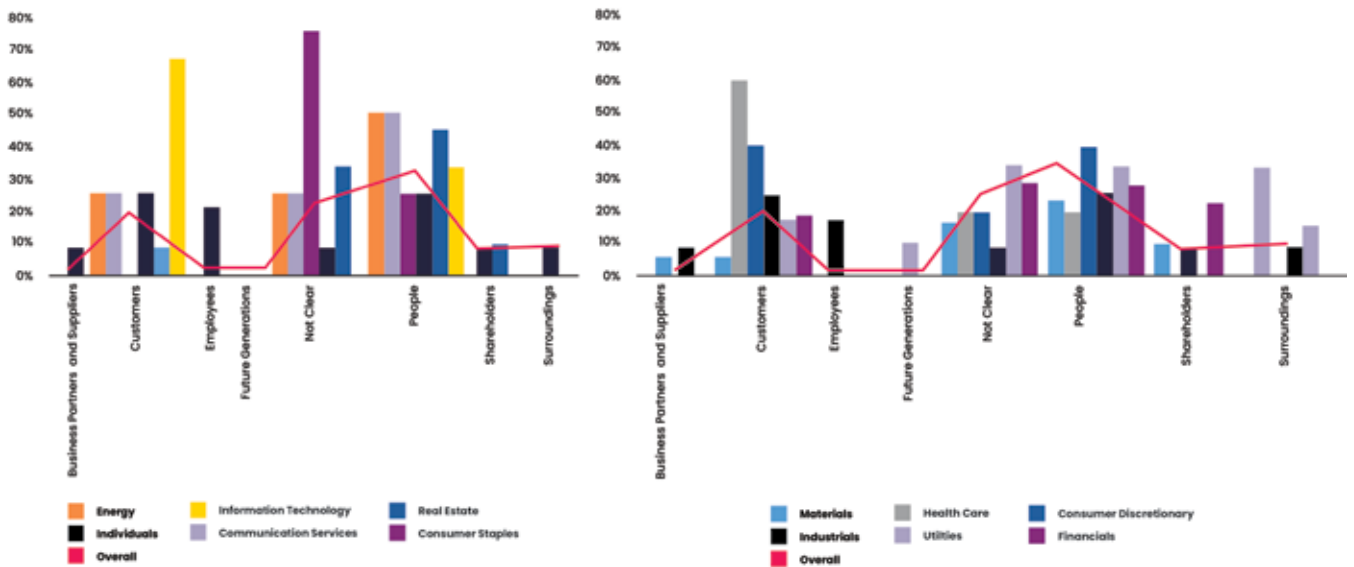


Figure 9: ASX100 Purpose Statements Content - Stakeholders Mentioned by Industry Sector



Table 5: ESG scores for companies with and without the purpose statement

	ESG	ESG Combined	Environmental Pillar	Social Pillar	Governance Pillar
Companies with Purpose					
Average (a)	66.7	61.2	60.3	68.4	70.9
Min	9.6	9.6	4.2	4.1	22.3
Max	92.7	92.7	96.8	97.3	97.4
Companies No Purpose					
Average (b)	58.7	56.7	45.1	62.4	63.3
Min	31.3	31.3	10.6	28.5	25.7
Max	80.9	79.3	81.3	87.2	84.9
Difference: (a) - (b)	7.9	4.6	15.2	6.0	7.6
P-value (Difference = zero)	0.00	0.02	0.00	0.01	0.00

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

Table 6: Environmental pillar scores for companies with and without the purpose statement

	Resource Use	Emissions	Environmental Innovation
Companies with Purpose			
Average (a)	67.1	69.1	34.7
Min	1.1	7.4	0.0
Max	99.7	99.4	96.6
Companies No Purpose			
Average (b)	48.3	56.3	19.6
Min	4.2	19.4	0.0
Max	92.3	95.5	90.4
Difference: (a) - (b)	18.7	12.8	15.1
P-value (Difference = zero)	0.00	0.00	0.00

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

Table 7: Social pillar scores for companies with and without the purpose statement

	Workforce	Human Rights	Community	Product Responsibility
Companies with Purpose				
Average (a)	79.9	60.8	71.5	51.8
Min	3.8	0.0	4.7	0.0
Max	99.8	96.2	99.8	99.1
Companies No Purpose				
Average (b)	73.3	54.6	66.3	49.9
Min	29.2	0.0	16.8	10.1
Max	98.3	95.5	98.6	97.5
Difference: (a) - (b)	6.7	6.2	5.2	1.9
P-value (Difference = zero)	0.00	0.08	0.06	0.58

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

Table 8: Governance pillar scores for companies with and without the purpose statement

	Management	Shareholders	CSR Strategy
Companies with Purpose			
Average (a)	73.9	58.2	75.0
Min	16.8	5.7	0.0
Max	99.9	99.2	99.8
Companies No Purpose			
Average (b)	67.1	56.1	55.5
Min	17.2	7.2	8.2
Max	92.6	99.4	98.1
Difference: (a) - (b)	6.9	2.1	19.5
P-value (Difference = zero)	0.01	0.56	0.00

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.



Table 9: ESG scores of companies with purpose statement of  $\leq 11$  words vs  $> 11$  words

	ESG	ESG Combined Score	Environmental Pillar Score	Social Pillar Score	Governance Pillar Score
Comp. purpose word $\leq$ to 11 words (a)					
Average	69.5	64.3	63.6	70.9	73.2
Min	40.7	35.5	34.8	44.6	30.5
Max	92.7	92.7	94.0	97.3	93.3
Comp. purpose word $>$ than 11 words (b)					
Average	62.4	56.7	55.4	64.5	67.5
Min	9.6	9.6	4.2	4.1	22.3
Max	90.4	81.5	96.8	92.3	97.4
Difference: (a) - (b)	7.1	7.5	8.2	6.4	5.7
P-value (Difference = zero)	0.00	0.00	0.01	0.01	0.04

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

Table 10: Environmental Pillar scores of companies with purpose statement of  $\leq 11$  words vs  $> 11$  words

	Resource Use Score	Emissions Score	Environmental Innovation Score
Comp. purpose word $\leq$ to 11 words (a)			
Average	68.6	73.0	39.2
Min	28.6	16.7	0.0
Max	99.7	99.3	96.6
Comp. purpose word $>$ than 11 words (b)			
Average	64.7	63.2	27.9
Min	1.1	7.4	0.0
Max	98.3	99.4	95.9
Difference: (a) - (b)	3.9	9.8	11.3
P-value (Difference = zero)	0.25	0.00	0.03

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

Table 11: Social Pillar scores of companies with purpose statement of  $\leq 11$  words vs  $> 11$  words

	Workforce Score	Human Rights Score	Community Score	Product Responsibility Score
Comp. purpose word $\leq$ to 11 words (a)				
Average	82.6	63.6	74.4	53.4
Min	41.3	4.8	23.3	9.7
Max	99.6	94.9	99.8	99.1
Comp. purpose word $>$ than 11 words (b)				
Average	75.9	56.5	67.0	49.3
Min	3.8	0.0	4.7	0.0
Max	99.8	96.2	94.5	96.9
Difference: (a) - (b)	6.6	7.1	7.5	4.1
P-value (Difference = zero)	0.01	0.09	0.02	0.32

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

Table 12: Governance Pillar scores of companies with purpose statement of  $\leq 11$  words vs  $> 11$  words

	Management Score	Shareholders Score	CSR Strategy Score
Comp. purpose word $\leq$ to 11 words (a)			
Average	76.1	59.0	79.8
Min	23.2	5.7	8.2
Max	99.2	99.2	98.1
Comp. purpose word $>$ to 11 words (b)			
Average	70.6	57.0	67.8
Min	16.8	6.1	0.0
Max	99.9	97.9	99.8
Difference: (a) - (b)	5.5	2.0	12.0
P-value (Difference = zero)	0.10	0.65	0.00

Note: P-value shows whether the average score of the companies with the purpose statement is statistically indifferent from the average score of the companies without the purpose statement.

# Biographies of Authors

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## Prof. Nick Barter

Nick is Professor of Strategy and Sustainability at Griffith Business School in Brisbane. Completing his doctorate at the University of St Andrews, his career has spanned industry and academia. Strategy consulting with EY, to leading the Griffith MBA, to advising organisations on moving past myopic approaches.

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## Prof. Chris Fleming

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This author group combines academic excellence with in-depth industry experience.

Their diverse talents converge to provide a comprehensive perspective on addressing the challenges organisations face as they attempt to successfully navigate and set their purpose, vision, mission and values.

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## **Dr. Akihiro Omura**

Akihiro is a senior lecturer in finance whose research interests lie in responsible investing, climate finance, commodity economics, financial risk management and more. Prior to academia he worked as an equity analyst at major financial institutions in Japan.

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# Endnotes

- <sup>i</sup> Barton, R., Ishikawa, M., Quiring, K. and Theofilou, B., 2018. To affinity and beyond: from me to we, the rise of the purpose-led brand. *Accenture Strategy* (December 5), available at [https://www.accenture.com/\\_acnmedia/thought-leadership-assets/pdf/accenture-competitiveagility-gcpr-pov.pdf](https://www.accenture.com/_acnmedia/thought-leadership-assets/pdf/accenture-competitiveagility-gcpr-pov.pdf), Accessed 8th August 2022.
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- <sup>iii</sup> See: EY, 2015 The Business Case for Purpose, A Harvard Business Review Analytic Services Report, available at [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/digital/ey-the-business-case-for-purpose.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/digital/ey-the-business-case-for-purpose.pdf), accessed March 2022. Also see: Deloitte Consulting, 2014 Culture of Purpose—Building business confidence; driving growth, available at <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/about-deloitte/us-leadership-2014-core-beliefs-culture-survey-040414.pdf>, accessed 8th August 2022.
- <sup>iv</sup> See Brandpie's 2023 survey via this link: <https://www.brandpie.com/thinking/ceo-purpose-report/2023>.
- <sup>v</sup> Google Trends worldwide data on the search term 'corporate purpose' for July 2013 to July 2023.
- <sup>vi</sup> For example, see the Brandpie CEO report series: <https://www.brandpie.com/thinking/ceo-purpose-report>
- <sup>vii</sup> For discussion see: Hirsch, P.B., 2016. Profiting on purpose: Creating a master narrative. *Journal of Business Strategy*.
- <sup>viii</sup> Davis, G.F., 2009. The rise and fall of finance and the end of the society of organisations. *Academy of Management Perspectives*, 23(3), pp.27-44.
- <sup>ix</sup> For example see, Barter, N., 2016. Strategy Textbooks and the Environment Construct: Are the texts enabling strategists to realise sustainable outcomes? *Organisation & environment*, 29(3), pp.332-366.
- <sup>x</sup> Business Roundtable, 2019, Statement on the Purpose of an Organisation, <https://www.businessroundtable.org/purposeanniversary>, Accessed 11th August 2022.
- <sup>xi</sup> Schwab, K., 2019, December. Davos Manifesto 2020: The universal purpose of a company in the fourth industrial revolution. In *World economic forum* (Vol. 2)
- <sup>xii</sup> Fink, L.D., 2021. An Annual Letter to Shareholders. *BlackRock Annual Report*. Available at: <https://www.blackrock.com/us/individual/2021-larry-fink-ceo-letter>, accessed 8th August 2022.
- <sup>xiv</sup> This research paper whose findings are reproduced in this report outlines how when considering ESG scores companies in the ASX100 with a purpose statement generally outperform those that do not have a purpose statement: <https://www.griffith.edu.au/engage/professional-learning/content-centre/the-purpose-advantage>

- <sup>xiv</sup> Collins, J.C. and Porras, J.I., 2008. CMR classics: organisational vision and visionary organisations. *California management review*, 50(2), pp.117-137.
- <sup>xv</sup> Page 123 of Collins, J.C. and Porras, J.I., 2008. CMR classics: organisational vision and visionary organisations. *California management review*, 50(2), pp.117-137.
- <sup>xvi</sup> Mayer, C., 2021. The future of the corporation and the economics of purpose. *Journal of Management Studies*, 58(3), pp.887-901 and Hurth, V., Ebert, C. and Prabhu, J., 2018. Purpose: The construct and its antecedents and consequences (No. 2). working paper.
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- <sup>xix</sup> See: <https://hbr.org/2023/09/what-makes-a-great-corporate-purpose-statement>
- <sup>xx</sup> Dhanesh, G.S., 2020. Who cares about organisational purpose and corporate social responsibility, and how can organisations adapt? A hypermodern perspective. *Business Horizons*, 63(4), pp.585-594.
- <sup>xxi</sup> Fiol, C.M., 1989. A semiotic analysis of corporate language: Organisational boundaries and joint venturing. *Administrative science quarterly*, pp.277-303.
- <sup>xxii</sup> The first list of the ASX100 was drawn on the 27th March 2023, a final list was drawn on the 23rd June. The list was gathered from <https://www.marketindex.com.au/asx-listed-companies>.
- <sup>xxiii</sup> See tables in the appendix for the range of statistical results.
- <sup>xxiv</sup> See tables in the appendix for the range of statistical results.
- <sup>xxv</sup> Within the coding 'people' included statements where 'people' were mentioned or 'society' or 'community' was mentioned.
- <sup>xxvi</sup> 'Surroundings' is a term we use to capture when statements mentioned the 'environment' or the 'climate' or more generally the 'world'.
- <sup>xxvii</sup> Please note the small sample numbers with only one company mentioning four stakeholders and only one mentioning five stakeholders.
- <sup>xxviii</sup> For example see Gartenberg, C., 2022. Purpose-driven companies and sustainability. In *Handbook on the Business of Sustainability* (pp. 24-42). Edward Elgar Publishing or Perez L, Hunt V, Samandari H, Nuttal R, Biniek K, 2022 Does ESG really matter – and why?, available at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/does-esg-really-matter-and-why?cid=other-emi-dre-mip-mck&hlkid=54fb1aa4bdff425a81fe750ea27f7ce3&hctky=13309553&hdpid=c7f2c6a1-42c0-4634-9fea-a51c9e4372b0>, Accessed 12th August 2022. Gartenberg argues purpose can enable the sustainable development goals to be incorporated into a firm rather than them be considered an



externality. While Perez et al argued that ESG measures anchor purpose and provide it with credibility and forms of measurement.

<sup>xxix</sup> See: Barton, R., Ishikawa, M., Quiring, K. and Theofilou, B., 2018. To affinity and beyond: from me to we, the rise of the purpose-led brand. *Accenture Strategy* (December 5). Available at: [https://www.accenture.com/\\_acnmedia/thought-leadership-assets/pdf/accenture-competitiveagility-gcpr-pov.pdf](https://www.accenture.com/_acnmedia/thought-leadership-assets/pdf/accenture-competitiveagility-gcpr-pov.pdf), And - EY, 2015 *The Business Case for Purpose*, A Harvard Business Review Analytic Services Report, Available at [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_gl/topics/digital/ey-the-business-case-for-purpose.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/digital/ey-the-business-case-for-purpose.pdf), accessed March 2022.

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## Contact us

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If you would like to discuss the findings of this report please contact: [Prof. Nick Barter](#) or [Ms. Joanne Kerr](#) on LinkedIn.