

The Power of Purpose: Transforming Performance Through Individual Meaning

Evidence from a 2,976-Person
Randomized Controlled Trial
on the Economics of Meaning

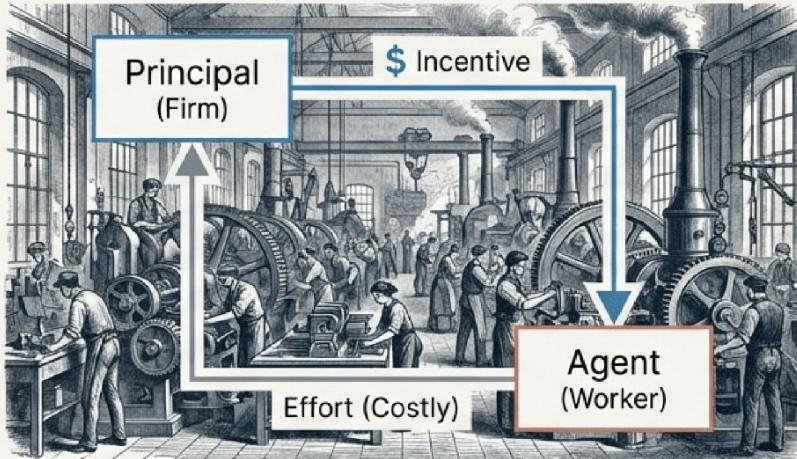


Based on "The Power of Purpose" (Ashraf et al., 2025) and NBER Working Paper No. 33843.

The 200-Year-Old Problem

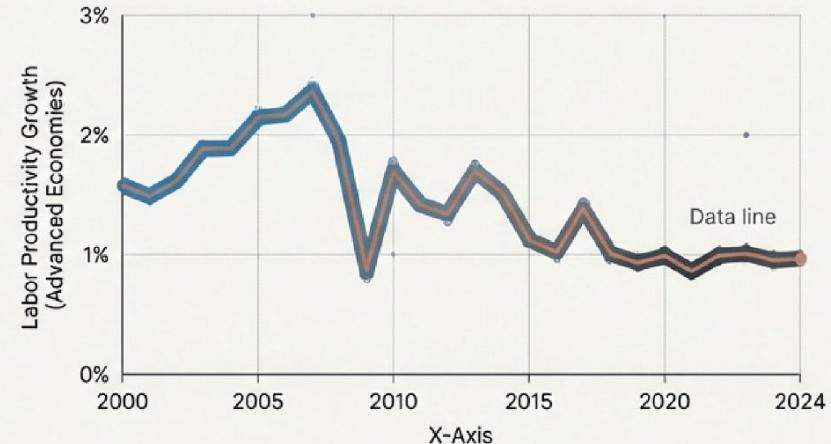
We have reached the limits of the 'Principal-Agent' model.

A 1844: The Alienation of Labor



Assumption: Work is a disutility. Financial incentives are bribes to align interests.

B 2025: The Productivity Plateau



Reality: Despite rising incentives, productivity is flat. We are paying a "Meaning Penalty" to retain talent in roles that lack significance.

For two centuries, management science has assumed effort is a cost to be compensated. This model is failing. Productivity in advanced economies is stagnant, and the disconnect between worker and output is widening.

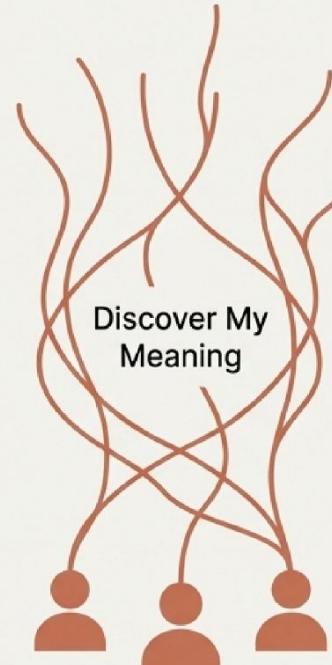
The Limits of “Corporate Mission”

Why top-down purpose fails to solve the agency problem



Corporate Mission (Top-Down)

- Defined by the Firm (e.g., "Reduce Carbon Emissions")
- Goal: Organizational Alignment
- The employee is an instrument of the firm's identity.



Individual Purpose (Bottom-Up)

- Defined by the Human (e.g., "Creating clarity from chaos")
- Goal: Personal Fulfillment
- The firm is a platform for the individual's expression.

Key Insight

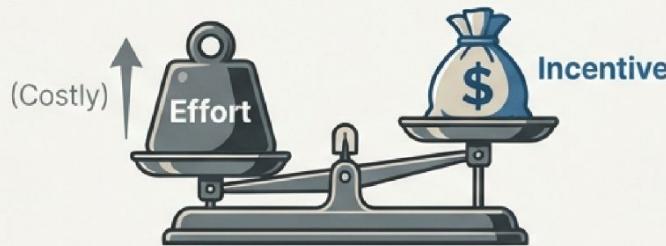
The Gap: While employees accept lower wages for mission-aligned firms (the "mission discount"), this is still an external imposition. True energy comes from the bottom-up discovery of individual meaning.

Inverting the Model: Logotherapy

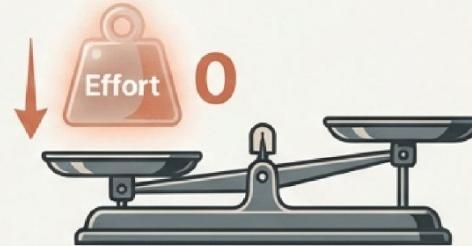
From incentivizing pain to removing the cost of effort.

The Equation

The Traditional View:
Incentive > Cost of Effort



The Logotherapy View:
Cost of Effort → 0



The Mechanism

The Theory

Viktor Frankl (1985) posited the 'Will to Meaning' as a primary human drive.

When work aligns with this internal drive, it generates energy rather than draining it.

Example A

Individual Purpose: 'Bringing order to chaos.'

Role: Complex Project Management.

Result: The complexity becomes a source of satisfaction, not stress.

Example B

Individual Purpose: 'Fighting injustice.'

Role: Compliance & ESG.

Result: Regulatory details become tools for a crusade, not bureaucratic burdens.

The Intervention: "Discover Your Purpose"

A replicable, scalable process for introspection.



Step 1

Pre-Work (2 Weeks)

Independent reflection on 4 themes:

1. When I Was Young (Childhood joys)
2. The Crucible (Defining scars/challenges)
3. Sparking My Interest (Energizing hobbies)
4. My Success Story (Peak moments)



Step 2

The Workshop (1 Day)

Small groups (3-4 peers).

High psychological safety.

Peers identify 'through-lines' the individual cannot see.



Step 3

The Output (The Result)

A single statement:

"My Purpose Is..."

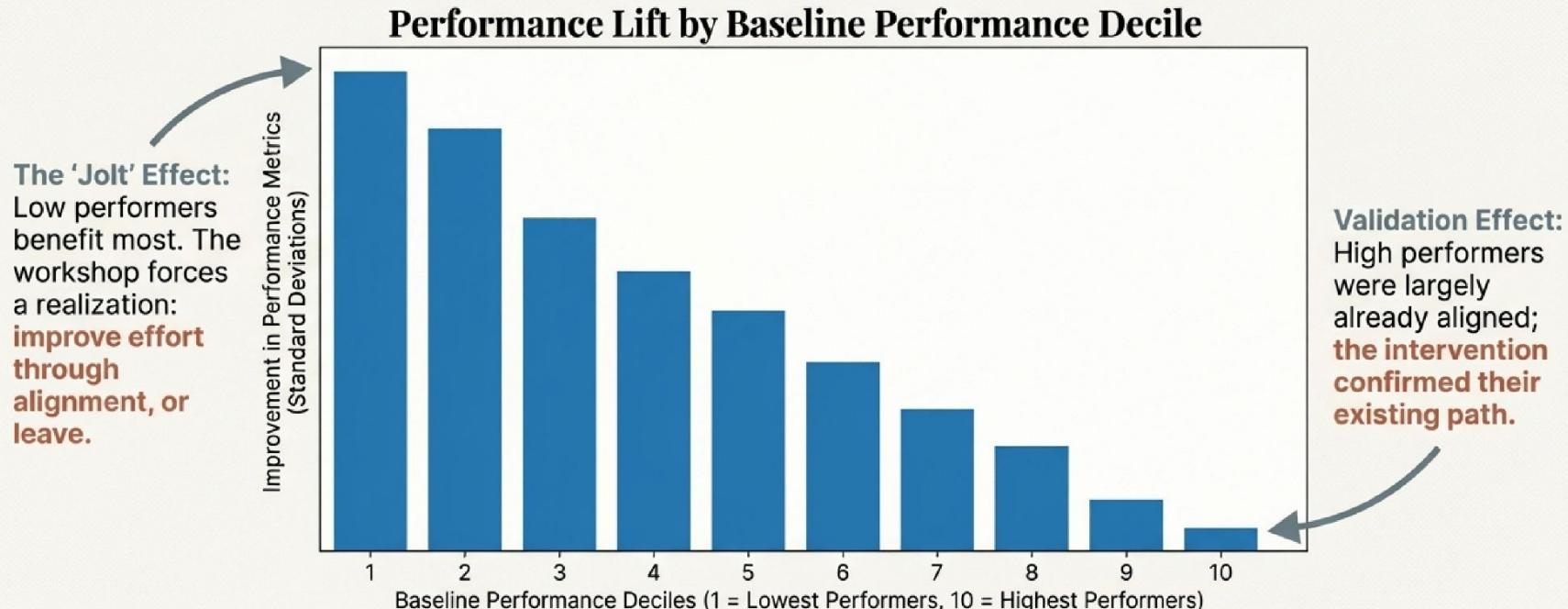
Integration Success:

80% shared purpose with family/friends.

>80% displayed purpose visibly at work (screensavers, diaries).

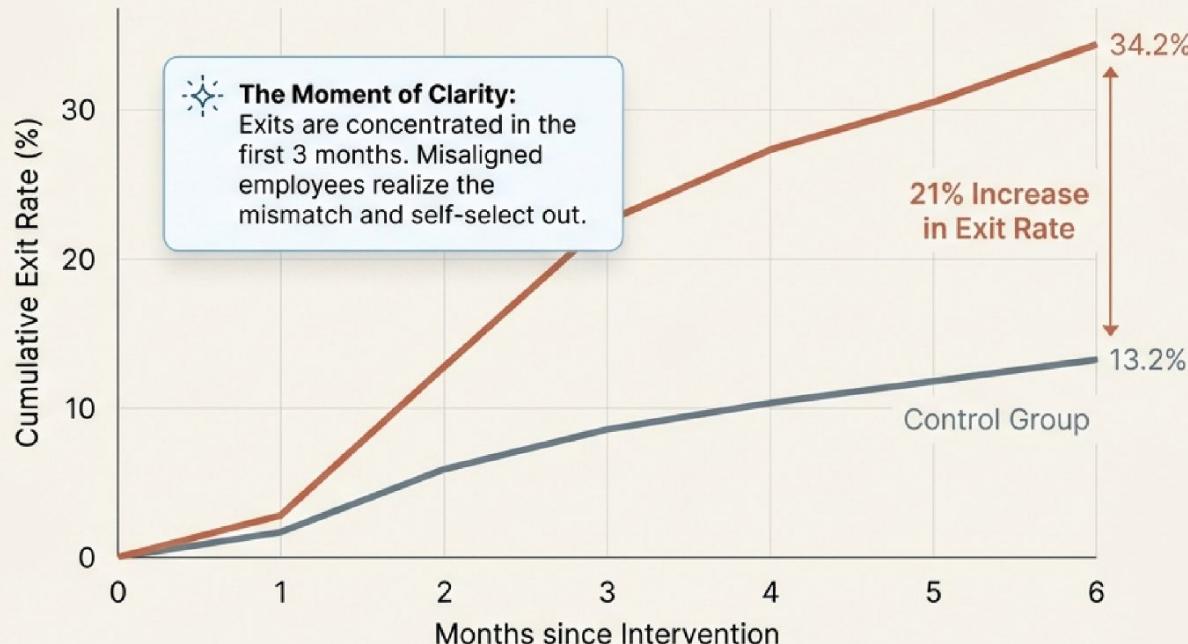
The Performance Impact (RCT Results)

Contrary to expectations, gains are driven by lifting the bottom.



The “Good Turnover” Paradox

Purpose clarity accelerates strategic sorting.

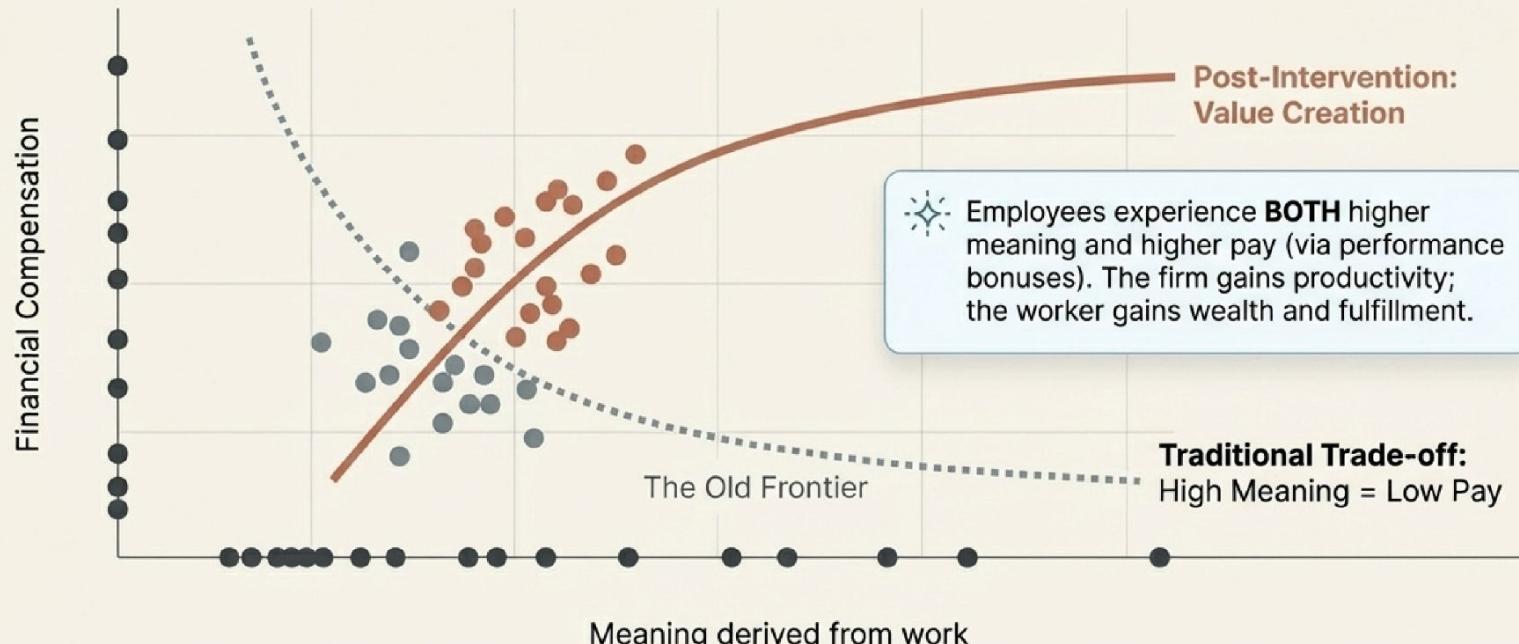


Why this is a success:

1. Disproportionate exit of low performers.
2. Savings on long-term management of disengaged staff.
3. This is “Productive Sorting,” not unwanted attrition.

Flattening the Money-Meaning Trade-off

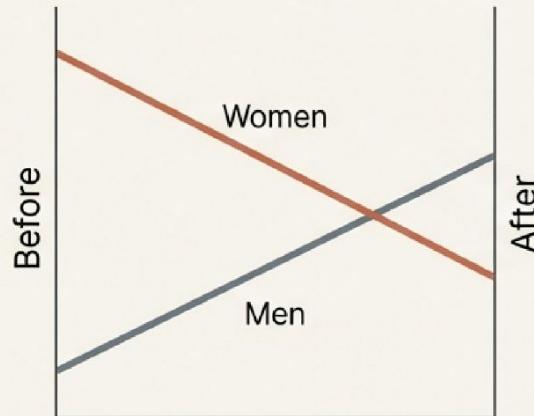
Purpose breaks the zero-sum game to create shared value.



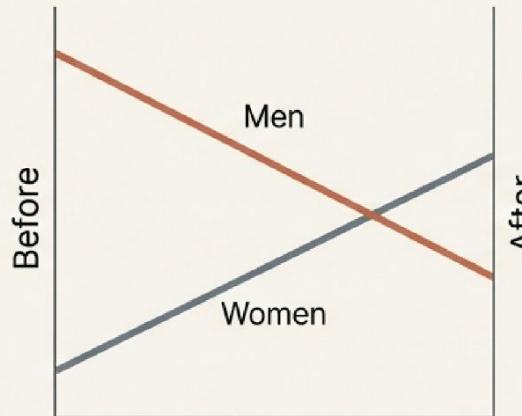
Breaking Socialized Constraints

Purpose gives permission to act on authentic priorities rather than gender scripts.

A. Priority: Flexibility / Work-Life Balance



B. Priority: Income / Prestige



+1.3
percentage
points

Increase in male parental
leave uptake (from a 2.5%
baseline).

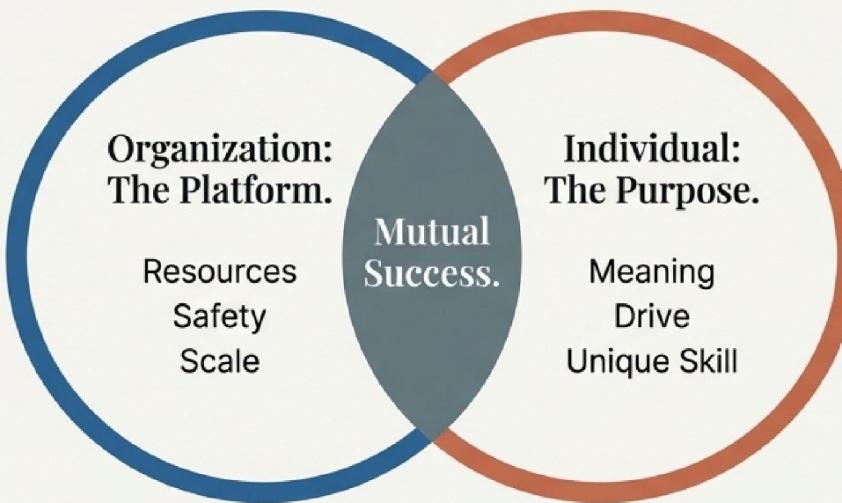
Without clarity, employees default to stereotypes. Purpose empowers men to value caregiving and women to value advancement, based on individual authentic needs.

The New Psychological Contract

From 'Time for Money' to 'Alignment for Impact'.

"I feel less like a robot."

- Intervention Participant



Qualitative feedback indicates participants recognized patterns they had "known but never been encouraged to put into words." This redefines loyalty not as tenure, but as active alignment.

Leading with “Aligned Exit”

Destigmatizing departure is critical for success.

Transparent Conversations

Immediately post-workshop, managers must ask: “Does your purpose fit here?”

Honesty must be rewarded, not punished.

Graceful Exit Support

For those who leave:

- Career counseling
- Transition bonuses
- Positive references.

Goal: Create brand ambassadors, not disgruntled ex-employees.

Internal Mobility

Infrastructure to move employees to roles that fit their new “Purpose Statement.”

(e.g., Moving a “teacher” from Sales to L&D).

Critical Risk:

If you punish honesty, the intervention fails. Psychological safety is the engine of the sorting mechanism.

Embedding Purpose in the Flow of Work

Sustainable, cost-effective, and peer-led.

Cost Efficiency



Cost per Participant. Internal delivery breaks even in Year 1.

The Embedding Cycle



Sustainability relies on internal facilitators. This builds capability and ensures the program is "owned" by the workforce, not rented from vendors.

The Measurement Trap

Why observational data is misleading

Observational Data (Selection Bias)



Shows high performers attract to purpose.
Conclusion: "Purpose is a luxury for the best."

MISLEADING

RCT Data (Causal Evidence)



Shows the intervention lifts low performers.
Conclusion: "Purpose is a lever for the bottom 50%."

TRUTH

Without rigorous measurement (randomization or quasi-experiments), you will undervalue the intervention and miss the opportunity to help those who need it most.

Conclusion: The New Competitive Advantage

Moving from Human Resources to Human Purpose

The Returns:

3.8% - 72%

Range of Internal Rate of Return
depending on persistence.

In an era of AI and stagnation, the human question—"Why am I here?"—is the last great unlocked lever of performance.

My Purpose is to _____

So that _____.

The next step is yours.