

# The Power of Purpose: Transforming Performance Through Individual Meaning

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

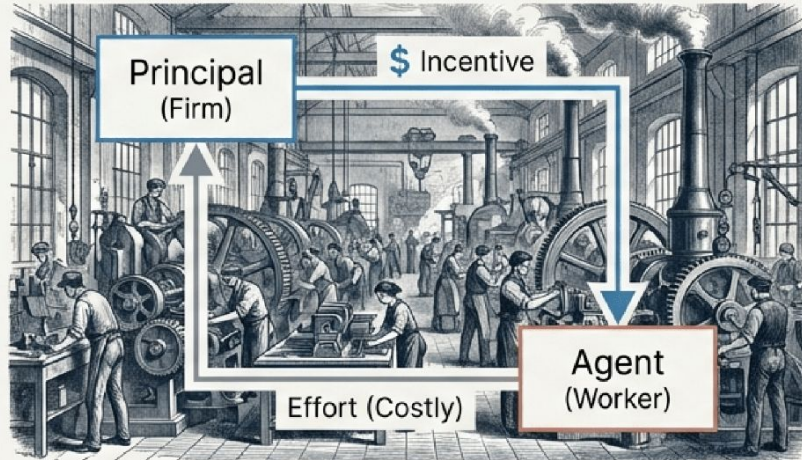
Based on "The Power of Purpose" (Ashraf et al., 2025) and NBER Working Paper No. 33843.



# The 200-Year-Old Problem

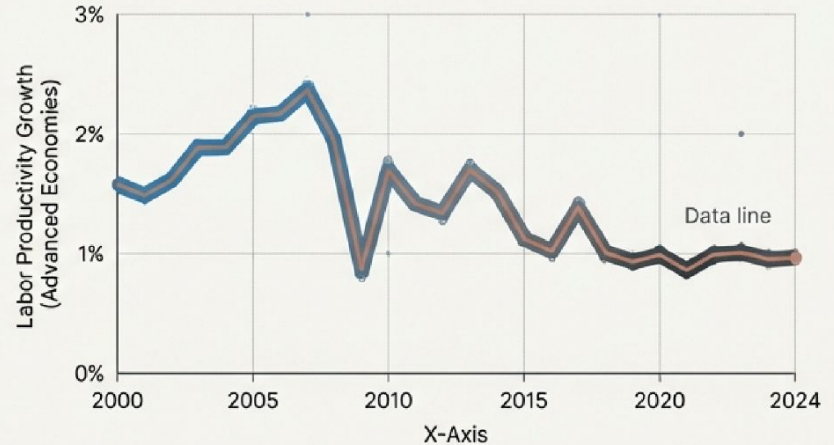
We have reached the limits of the 'Principal-Agent' model.

## 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.

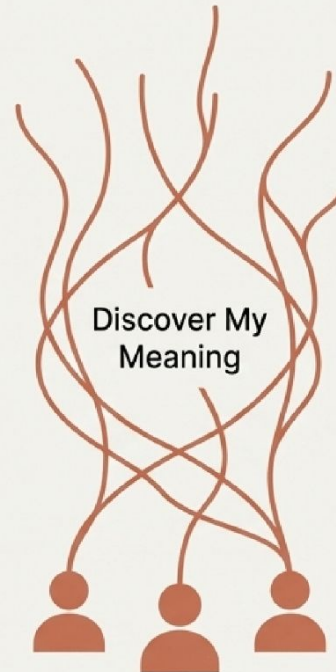
# The Limits of “Corporate Mission”

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.

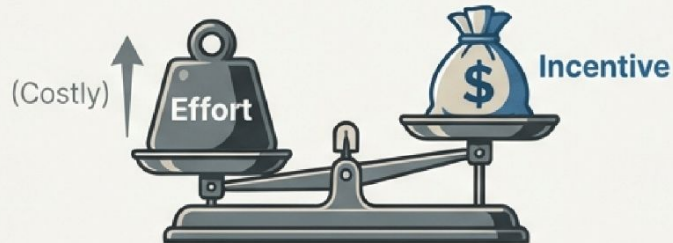


# Inverting the Model: Logotherapy

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.

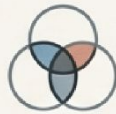


Step 1

## 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:

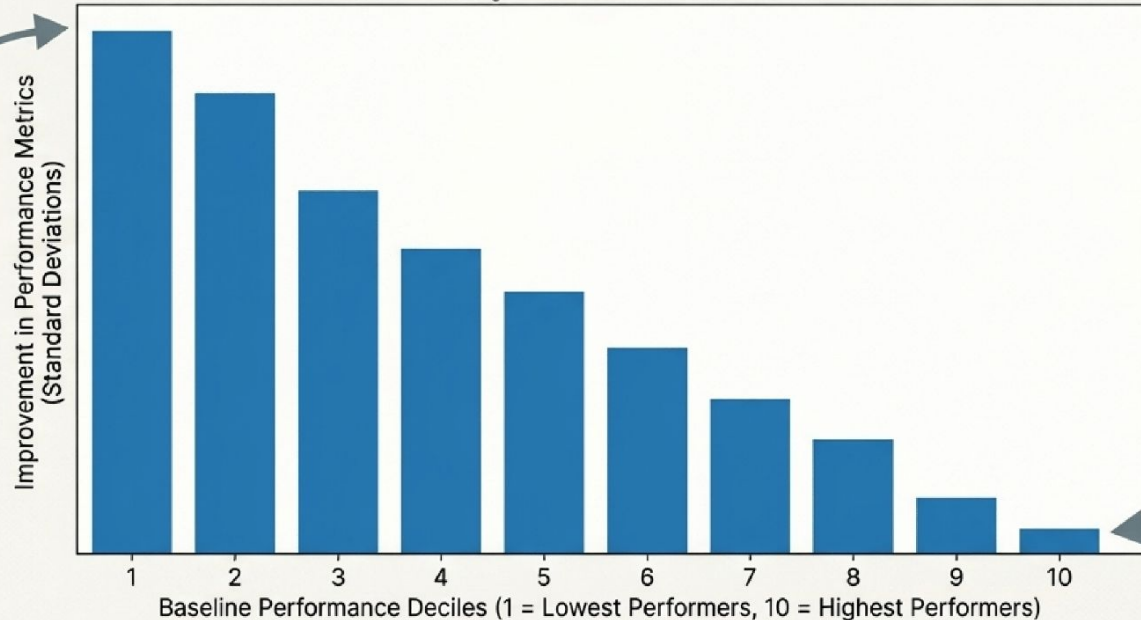
**80%** shared purpose with family/friends.

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

# The Performance Impact (RCT Results)

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

Performance Lift by Baseline Performance Decile

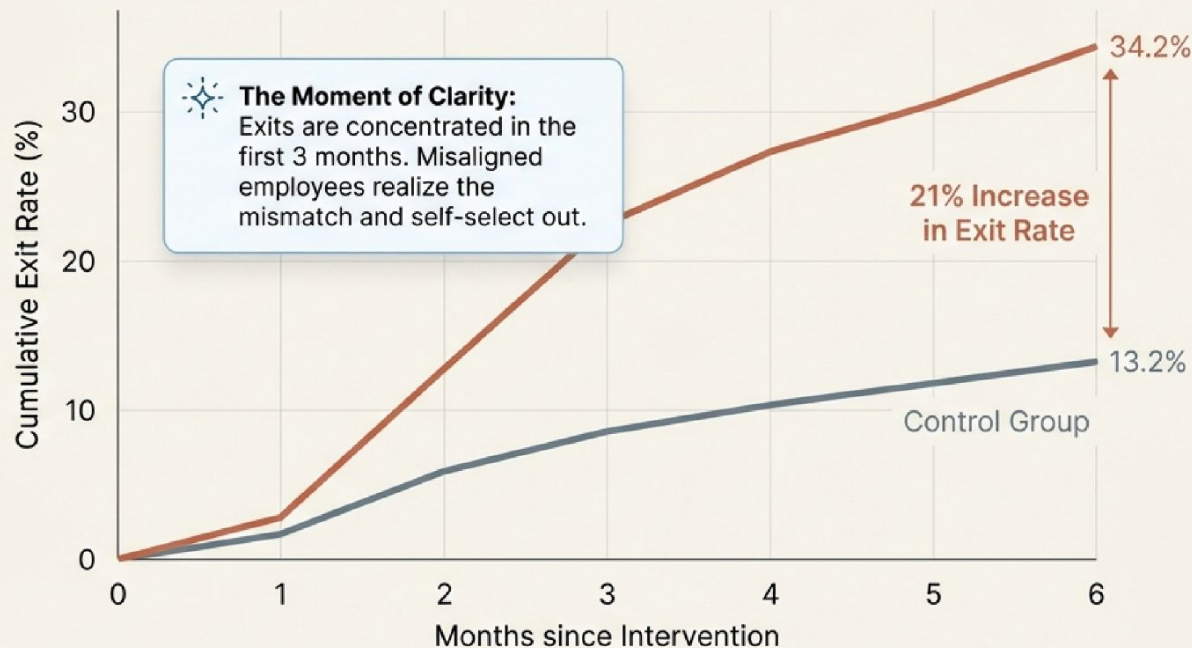


**The 'Jolt' Effect:**  
Low performers benefit most. The workshop forces a realization: **improve effort through alignment, or leave.**

**Validation Effect:**  
High performers were largely already aligned; **the intervention confirmed their existing path.**

# 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.

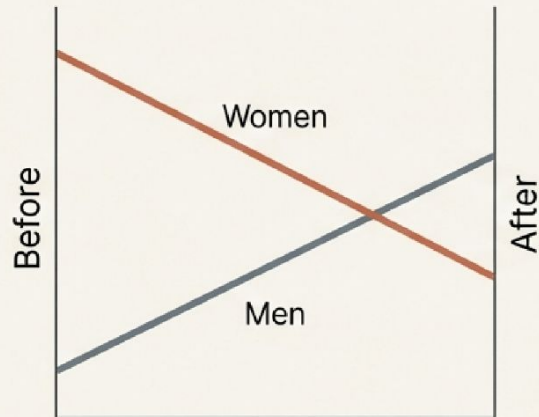




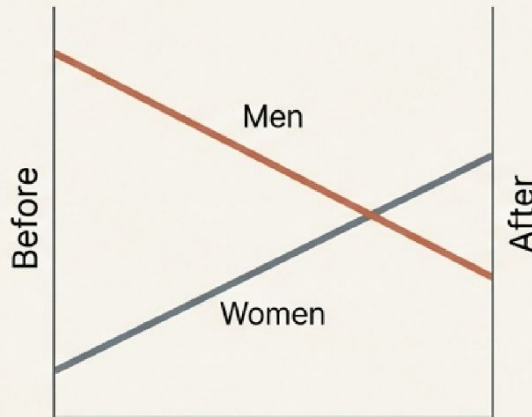
# Breaking Socialized Constraints

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).

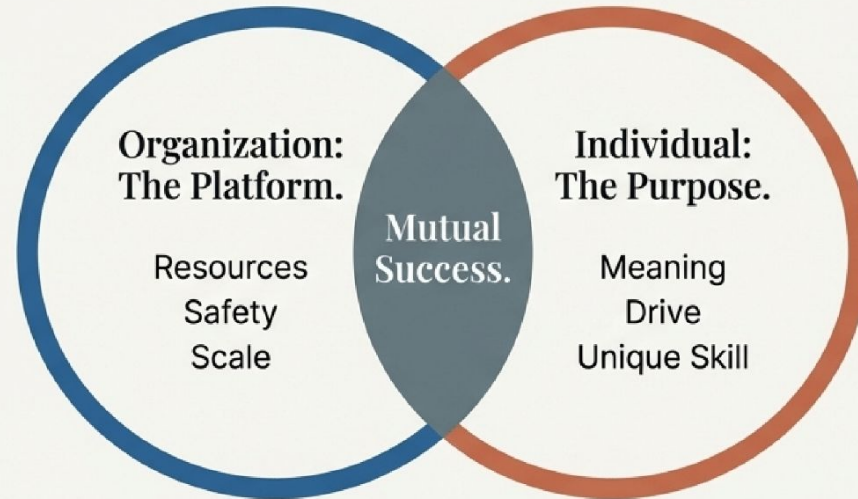
Without clarity, employees default to stereotypes. Purpose empowers men to value caregiving and women to value advancement, based on individual authentic needs.

# 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.