INNOVATION
WITH PURPOSE
For the Trusted Digital Future
About NTT

NTT believes in contributing to society through our business operations. We help people, clients and communities move confidently into the digital future and shape a better world. Our services include digital business consulting, technology and managed services for cybersecurity, applications, workplace, cloud, data center and networks. As a top-five global technology and business solutions provider, our diverse team of over 300,000 people operates in 80-plus countries and regions and delivers services to over 190 of them.

About WSJ Intelligence

WSJ Intelligence conducts bespoke and secondary research for brands and client brands of The Wall Street Journal | Barron’s Group. Through rigorous analysis, WSJ Intelligence provides insights that are relevant, timely and reliable.
Contents

Introduction ................................................................. p.04

01
Taking action: Formalizing a statement of purpose ........................................ p.05

02
How the pandemic is driving meaningful change ........................................ p.06

03
Supporting employees: Prioritizing wellbeing ........................................... p.09

04
Better communication and change management ........................................ p.10

05
Tools for social purpose implementation and challenges ............................ p.10

Conclusion: With purpose, profit will come .............................................. p.11

Appendix: About this research .................................................... p.11
Introduction

The effects of the Covid-19 pandemic have been devastating and wide-reaching—for individuals, communities, governments, economies and businesses of all types and sizes around the world. However, there are signs that meaningful, long-lasting and positive change is happening, with organizations leading the way.

In particular, the world rediscovered the value of collaboration, a prime example of which is forming alliances to develop, manufacture, and deliver vaccines. Several technological trends that were already underway accelerated massively, particularly in communications, connectivity and digital transformation. Technology has been a critical enabler in global response and recovery.

The pandemic locked people down, but it also opened minds.

Even before the pandemic hit, many progressive organizations had determined that those positioning people and the planet before profit were more likely to thrive in the long term. Climate change, geopolitical issues and shifting demographics all reinforced the case for purpose-led strategies. Covid-19 only confirmed the merits of this approach.

Against this backdrop, in June and July of 2021, WSJ Intelligence—with sponsorship from NTT—conducted an online quantitative survey of 351 CEOs of large corporations in 15 countries worldwide to understand their views on the role of business in contributing to societal goals.

The respondents represented companies operating in 10 major industries. About one-quarter of these organizations report annual revenues of US$10 billion or more, and approximately one-third generate between $500 million and $1 billion. The CEOs surveyed were asked about their organization’s role in society, their social impact strategies, the stakeholders involved, and how these strategies have been impacted—and driven—by the pandemic. The study follows a similar survey conducted in 2020, entitled Building Back with Purpose, enabling assessment of emerging trends.

The latest research also considers how organizations better support employee wellbeing and change management and highlights the importance of improved internal and external communication. It uncovers the most valuable tools and tips for social purpose implementation while also analyzing the most significant challenges.

A large majority of CEOs say that the pandemic has increased the importance of social purpose and given prominence to those that lead with purpose. Furthermore, most respondents report considerable progress in implementing nearly every element of their social purpose strategies. They highlight the substantial positive impacts on financial and non-financial business outcomes.
Covid-19 has touched and altered almost every aspect of people’s lives. It has exposed the vulnerabilities of societies worldwide, and it has forced organizations to expedite both their digital transformation journey and the support of employees and communities. At the start of the pandemic, leaders often spoke of “all being in this together,” but it has since become clear that actions speak louder than words.

The survey results suggest that leaders are indeed taking action. There is a significant trend for formalizing a statement of purpose and developing and implementing associated strategies. The research finds that most organizations (61 percent) are moving toward social purpose by generating value through sustainable profits while minimizing harm—up 5 percentage points from the previous survey in 2020.

Additionally, almost two-thirds (64 percent) of business leaders surveyed say they have a well-established purpose set out in a formal mission statement or other documents, up from 61 percent in 2020. Of note, the figure was 57 percent in the EMEA region (Europe, Middle East and Africa).

The research highlights that the number of businesses that have recently developed their first statement of purpose and intend to use it to guide future culture change has almost doubled in the past year, to 21 percent from 11 percent. Similarly, only 15 percent of those surveyed reported having no formalized statement of purpose—almost half the number from 2020 (28 percent).

While the CEOs are, ultimately, the drivers of their organization’s purpose, the board of directors plays a vital role. And as the research reveals, almost all (90 percent) of the formal statements of purpose were approved by the board.

Among those who do not currently have a formal statement of purpose, 22 percent agreed that “We believe that traditional ‘corporate social responsibility’ policies are sufficient to meet the organization’s objectives without a formal statement of purpose.”

Conversely, only 12 percent agreed that “We are philosophically opposed to establishing fundamental corporate goals other than those that directly generate financial benefits for shareholders. [And] we do not believe that social impact strategies will create significant shareholder value, even indirectly.”

It will be interesting to see whether these percentages decrease in 2022, with the ever-increasing pressure to adhere to environmental, social and corporate governance (ESG) strategies.

Driven by CEOs—with board directors playing a vital role—organizations are moving toward social purpose by generating value through sustainable profits.
How the pandemic is driving meaningful change

While progressive organizations were already focused on driving meaningful societal change and leading by example before Covid-19 struck, the coronavirus crisis crystallized this approach.

The survey shows that the past 18 months have led organizations of all types and sizes to reflect on their position and goals and strengthen their purpose. In short, the pandemic has had a significant impact on social purpose strategy.

Large organizations, in particular, are increasingly being looked to for support and guidance by employees and consumers. The pandemic made it harder to attract and retain top talent and customers. With loyalty hard to win and easy to lose, businesses are under more significant pressure to activate ESG strategies. CEOs can no longer afford to be silent on big social, environmental and political topics.

According to the research, almost all the respondents (94 percent) agree that “The pandemic has heightened expectations that large corporations will serve the interests of all stakeholders and not just shareholders”—with over half (56 percent) agreeing “strongly” (figure 1).

Figure 1.

The Pandemic Has Had A Significant Impact on Social Purpose Strategy

Impact of Covid-19 Pandemic to Organizations’ ‘Social Purpose’ Strategy

- The pandemic has heightened expectations that large corporations will serve the interests of all stakeholders and not just shareholders
- The pandemic has exposed the need for improved collaboration across governments, business and wider society
- By placing extreme stress on resiliency, the pandemic has tested corporate commitments to stakeholders and given prominence to those who lead with purpose
- The disruption caused by the pandemic has raised awareness of the deep links between businesses and their stakeholders across value chains
- By focusing attention on the need to ‘build back’ the economy, the pandemic has created an opportunity for organizations to reset their corporate responsibility profiles

Source: WSJ Intelligence & NTT Global Innovation with Purpose Study. July 2021
The survey also shows that 77 percent of respondents agree that employee engagement is equally as essential as profitability when driving performance outcomes (figure 2).

Almost all respondents have established at least one strategy devised to minimize environmental impact. On average, they have set up four. Over half have set environmental targets or are developing plans to pivot toward renewable energy and look for energy savings and greater efficiency (figure 3).

There is room for maturity, however. Over three-quarters (77 percent) report that they have identified the social impacts they would like to achieve, the mechanisms they will use to achieve them, and the successful outcomes. But while a framework has been established, a majority of companies have yet to adopt performance measures and targets.

With big corporations serving the interests of all stakeholders, not just shareholders, it is CEOs’ duty to speak up on social purpose topics.

**Figure 2.**

<table>
<thead>
<tr>
<th>Social Purpose Issues</th>
<th>Impact on Business Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>41% Profitability</td>
</tr>
<tr>
<td>Cultural</td>
<td>41% Employee engagement</td>
</tr>
<tr>
<td>Social</td>
<td>41% Revenue growth</td>
</tr>
<tr>
<td>Environmental</td>
<td>40% Customer loyalty</td>
</tr>
<tr>
<td></td>
<td>42% Market share</td>
</tr>
</tbody>
</table>

Source: WSJ Intelligence & NTT Global Innovation with Purpose Study. July 2021
Figure 3.

Environmental Impacts:
99.7% Have Activated At Least One, Average of 4 Utilized
Tactics Used to Minimize Environmental Impacts

- Established environmental targets: 57%
- Developed green/energy/power efficient strategies: 51%
- Provided executive training in environmental practices: 47%
- Required suppliers to meet environmental targets: 44%
- Developed products/services that generate less carbon: 43%
- Commitment to carbon neutral timeframe: 40%
- Senior executive position accountable for environmental goals: 40%
- Invested in carbon offsets: 37%
- Senior executive compensation linked to environmental goals: 37%
- Reduced the amount of employee air travel: 34%

Source: WSJ Intelligence & NTT Global Innovation with Purpose Study. July 2021
Supporting employees: Prioritizing wellbeing

Business leaders often claim that their people are their most important asset. Research shows that staff did indeed become the focus for organizations in 2021, with 79 percent of executives acknowledging the increased importance placed on employee health and wellbeing in the past two years.

This investment in employee wellbeing should help attract and retain top talent and, by extension, customers. Organizations are building for tomorrow, too, with the future of work experience showing the second-biggest increase in importance with 77 percent. Minimizing environmental impacts (73 percent), and diversity and inclusion (70 percent) have also increased in importance.

All companies surveyed reported at least one major improvement in employee work experience, with an average of four improvements implemented. Over half (54 percent) implemented the option of hybrid working, Smaller companies by revenue established safe return to work protocols and empowered managers to individualize work arrangements (figure 4).

Figure 4.

Employee Work Experience: 100% Use At Least One, Average of 4 Utilized
Tactics Used to Enhance Employee Work Experience

- Implemented ‘hybrid’ WFH vs. Office work schedule: 54%
- Recognized employee WFH preferences (within operational constraints): 46%
- Presented workplace value proposition encouraging on-site work: 45%
- Established safe return to office protocols (cleaning, social distancing etc.): 45%
- Installed flexible workspaces to adapt to changing needs: 44%
- New tools for employee learning opportunities in the ‘new normal’: 44%
- Formal plan for re-establishing ‘normal’ post-pandemic working: 42%
- Empowered managers to individualize work arrangements: 42%
- Deployed virtual collaboration technologies beyond video conferencing: 41%
- Implemented ‘hot desking’/similar procedure: 35%

Higher among companies with less than $1BN in revenue as well as companies in North America.

Source: WSJ Intelligence & NTT Global Innovation with Purpose Study. July 2021
Better communication and change management

Just as there has been more of a focus on the wellbeing of employees since the start of the pandemic, the research shows substantial progress across almost all measured tactics to implement, communicate and measure social purpose strategy. For example, respondents reported progress on identifying key stakeholders (88 percent), understanding stakeholder needs (81 percent) and discovering ways of delivering value to stakeholders (80 percent).

In this period of substantial transformation, as businesses speed toward a digital-first world, there is a great need for change management. As new business models are created, it is imperative to inform and inspire various stakeholders—most importantly staff—to increase the chances of success.

The research revealed significant progress on disclosing and communicating performance metrics, with 52 percent of firms worth $10 billion and more indicating they had made major progress versus only 33 percent among all respondents.

Tools for social purpose implementation and challenges

The survey asked what leaders thought were the most important technology tools for social purpose implementation. Cybersecurity was selected by over half of the respondents (53 percent) and is considered the most important. Artificial intelligence, or AI (44 percent), network innovation (37 percent) and sustainable energy sources (36 percent) all rank highly, too.

When it came to technology for better decision-making and reporting, respondents put “cloud-based secure computing” first at 38 percent, followed by “AI to filter relevant data from large volumes of information” (36 percent) and “improved cybersecurity technologies” with 35 percent.

Looking to the future, one-third of respondents said their greatest implementation challenge was related to governance—for instance, the quality of representation, stakeholder engagement and ethical behavior. Next among long-term implementation priorities was planet, with 30 percent, followed by people (22 percent) and prosperity (14 percent).
Conclusion
With purpose, profit will come

The research confirms that post-pandemic, people and the planet rather than solely profit are becoming increasingly important for organizations of all sizes.

While this trend was evident before March 2020, the pandemic brought it to the forefront. Organizations that fail to take action run the risk of losing their competitive advantage.

There is widespread acknowledgment that staff must be supported during this period of uncertainty and significant change. It is telling that 77 percent of respondents agree that employee engagement is as important as profitability when driving performance outcomes.

Digital technologies will play a central role in creating a ‘new normal.’ Specifically, high-performance networking and computing can help with sustainability, and AI and advanced learning technologies will likely play a key role in driving diversity and global inclusion.

Ultimately, the survey finds that large corporations have continued to define social purpose statements and develop and implement associated strategies. A large majority of CEOs say that the pandemic has increased the importance of social purpose and given prominence to those that lead with purpose.

About this research
In June and July of 2021, with sponsorship from NTT, WSJ Intelligence conducted an online quantitative survey of 351 CEOs of large corporations in 15 countries around the world. The companies they represent are positioned in 10 major industries. This follows a similar survey conducted in 2020, enabling assessment of emerging trends.

The Wall Street Journal news organization was not involved in the creation of this content.