



# Are we all equally sensitive to purpose in the workplace?

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Society & Organizations

Joly Family Chair  
Purposeful Leadership



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The motivation behind individuals' decisions is a central topic in nearly every field of study. If the self-interest hypothesis has been predominant for several decades, the exploration of how concerns for others might meddle with motivation in the workplace has depicted a more nuanced reality, in which social preferences have a role to play in decision-making. Below we provide an overview of the different types of social preferences and how they interact with organizational purpose.

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## **The Joly Family Chair in Purposeful Leadership**

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On the 4<sup>th</sup> of July 2018, Hubert Joly, former CEO of Best Buy, and HEC Paris created the first Chair devoted to [Purposeful Leadership](#). The Chair addresses the “raison d’être” and the mission of businesses, and how this relates to the search for meaning for individuals.

## **The Society & Organizations Institute**

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The [Society & Organizations Institute](#) is an interdisciplinary institute at HEC Paris which unites over 50 research professors. With its *Purposeful Leadership* chair, the Institute’s mission is to contribute to reforming businesses to focus on the values of social and environmental sustainability, through responsible leadership hinged on a shared “raison d’être”.

## Are we all equally sensitive to purpose in the workplace?

Purpose-driven organizations have a concrete objective that reaches beyond profit maximization and aims at serving the common good, thereby benefiting society as a whole. In the workplace, purpose can be induced and disseminated through a number of channels, including a firm's socially responsible practices. The growing number of studies on Corporate Social Responsibility (CSR) has helped to enlighten the nascent research on purpose within organizations. Recent cases in the novel field of CSR psychology have shed light on the existing connections between an employer's social responsibility and its employees' personality. It appears that the extent to which we consider others' interests besides our own, commonly referred to as our "social preference", plays an important role in our personal perception and adoption of CSR. Here we elaborate on the concept of social preferences and explain how it interacts with purpose in the workplace, expanding on previous findings on CSR to show disparities in employees' responsiveness to purposeful environments in general.

### The concept of social preferences

The majority of economic models as well as reflections in the fields of psychology and sociology have long been dominated by the narrow self-interest hypothesis, which assumes that individuals are exclusively motivated by their own interest when making decisions. This vision has notably been embodied by the neoclassical "Homo Economicus", who pursues goals in an optimal manner and always chooses the option that maximizes his or her personal payoff. However, research in social psychology and behavioral economics has progressively shed light on the existence of concerns for others and their influence in the decision-making process.<sup>1</sup> It has gradually been established that people have a specific preference for the way outcomes of a given situation are distributed not only to themselves, but also to others. This is explained by the fact that we fundamentally differ in how we transform the objective outcomes for both ourselves and others

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<sup>1</sup> R. Bénabou & J. Tirole (2010) Individual and corporate social responsibility, *Economica*, 77, 1-19

into a subjective representation of these outcomes.<sup>2</sup> This subjective view is called a “social preference” and constitutes the basis of our social actions.<sup>3</sup>

In the literature, social preferences are often referred to as “social value orientations” (SVO). The main archetypal SVOs are presented in the table below, outlining the numerous ways in which we tend to maximize or minimize payoffs for ourselves and others.

The archetypal Social Value Orientations (Murphy & Ackermann, 2013<sup>4</sup>)

Orientation <sup>a</sup>	Inferred motivation <sup>b</sup>	Weight on one’s own outcome <sup>c</sup>	Weight on other’s outcome <sup>d</sup>
Prosocial	Maximize the joint payoff or minimize the difference between payoffs	1	1
Individualistic (i.e., selfish, narrow self-interest)	Maximize the payoff to oneself	1	0
Competitive	Maximize the positive difference between the payoff for oneself and the payoff for the other	1	-1
Sadistic	Minimize the other’s payoff	0	-1
Sadomasochistic	Minimize the joint payoff or minimize the difference between payoffs	-1	-1
Masochistic	Minimize the payoff to oneself	-1	0
Martyr	Maximize the negative difference between the other’s payoff and the payoff for oneself	-1	1
Altruistic	Maximize the other’s payoff	0	1

<sup>a</sup> Orientation: category of revealed social preference

<sup>b</sup> Inferred motivation: tradeoff that the decision-maker enacts between the payoff to himself and the payoff to the other

<sup>c</sup> Weight on one’s own outcome / <sup>d</sup> Weight on other’s outcome: simplified representation of the importance the decision-maker grants to himself and to the other when allocating payoffs

In order to identify social preference, a variety of methods with diverse psychometric properties can be utilized. One of the main measures, the 9-Item Triple Dominance Scale, classifies individuals in the three most common preferences, which are the top three categories in the table (prosocial, individualistic and competitive).<sup>5</sup> Test-takers have to make decisions faced with three options in nine different social situations. For each of them, one option represents the choice of prosocials (with the smallest difference in outcomes between

<sup>2</sup> E. Fehr & U. Fischbacher (2002) Why social preferences matter – the impact of non-selfish motives on competition, cooperation and incentives, *The Economic Journal*, 112 (478), C1-C33

<sup>3</sup> P. Van Lange (1999) The pursuit of joint outcomes and equality in outcomes: An integrative model of social value orientation, *Journal of Personality and Social Psychology*, 77(2), 337

<sup>4</sup> R. Murphy & K. Ackermann (2014) Social Value Orientation: Theoretical and measurement issues in the study of social preferences, *Personality and Social Psychology Review*, 18(1), 13-41

<sup>5</sup> P. Van Lange (1999) The pursuit of joint outcomes and equality in outcomes: An integrative model of social value orientation, *Journal of Personality and Social Psychology*, 77(2), 337

oneself and others), a second option is the one chosen by individualists (with the greatest outcomes for oneself) and a third option reflects the competitive mindset (with the largest difference in outcomes between oneself and others). You would be designated as being one type if you choose at least six options related to that type. In addition, some alternative and probably less academic ways of measuring SVOs have emerged in experimental studies, such as the consideration of one's previous volunteering or donating experience in order to assess one's prosocial inclination.

Despite the existence of numerous social preferences, the majority of empirical studies gather together individualistic and competitive orientations under the same category of "self-regarders", as the respective behaviors of both lead to collective outcomes maximizing one's own interest. Therefore, it is widely considered that most individuals can be classified as either "self-regarders" (with an individualistic or competitive inclination) or "reciprocators" (referring to a prosocial inclination). These two widespread social preferences will trigger different behaviors in social interactions. Self-regarders will have a tendency to behave in a more competitive fashion and aim for effective ways to improve their personal outcomes, showing an indifference to how much others receive. In contrast, reciprocators are more willing to cooperate and tend to interpret behavior along the moral dimension, thus focusing on the consequences on collective outcomes, which leads to the maximization of joint gains.<sup>6</sup> Strong reciprocators will even be willing to further reward those who demonstrate fair behavior towards them or a third-party they care about, and similarly punish those who act unfairly, even when doing so implies sacrificing their own resources.<sup>7</sup>

Social preferences are usually conceptualized as personality traits in the sense that they are stable over time.<sup>8</sup> Behavioral economists find that 40 to 60 percent of people fall under the reciprocators category while 20 to 40 percent are recognized as self-regarders.<sup>9</sup> Nevertheless, it is important to keep in mind that SVO is only a dominant feature: individuals are seldom entirely self-regarders or reciprocators, as the context in which they interact may also influence the way the dominant expresses itself.<sup>10</sup> Evidence for this was notably provided by a blood donation experiment in Italy, where people could receive gold, silver or bronze

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<sup>6</sup> R. Durand & R. Calori (2006) Sameness, otherness? Enriching organizational change theories with philosophical considerations on the same and the other, *Academy of Management Review*, 31(1), 93-114

<sup>7</sup> E. Fehr & U. Fischbacher (2004) Third party punishment and social norms, *Evolution and Human Behavior*, 25, 63-87

<sup>8</sup> N. Eisenberg, I. Guthrie, B. Murphy, S. Shepard, A. Cumberland & G. Carlo (1999) Consistency and development of prosocial dispositions: a longitudinal study, *Child Development*, 70, 1360-1372

<sup>9</sup> E. Fehr & U. Fischbacher (2002) Why social preferences matter – the impact of non-selfish motives on competition, cooperation and incentives, *The Economic Journal*, 112 (478), C1-C33

<sup>10</sup> F. Bridoux, R. Coeurderoy & R. Durand (2011) Heterogeneous motives and the collective creation of value, *The Academy of Management Review*, 36, 711-730

medals depending on how often they donated blood. It was observed that this type of reward and ranking considerably influenced the frequency of donations, but only when the results were made public in newspapers.<sup>11</sup> In this particular context, our social reputation comes into play, which may encourage self-regarders to act prosocially by donating more blood (providing that they care about their social image). More broadly, self-regarders may curb their opportunistic behavior if they expect to be sanctioned by strong reciprocators, whose presence thus has a large influence on the collective outcomes of companies.<sup>12</sup>

### The social preferences continuum



### Social preferences in the workplace

As public awareness of pressing social and environmental issues has expanded significantly, the search for meaning at work has developed among individuals, thus fueling a growing demand for purpose in the workplace.<sup>13</sup> With a view to meeting requirements on behalf of various stakeholders (e.g., employees, customers, investors, government, etc.), companies launch initiatives with explicit societal mandates. While the ultimate goal is to integrate social and environmental considerations into the strategy and business operations of the firm, most companies embark upon their purpose-related journey by investing in standalone Corporate Social Responsibility (CSR) activities. While it may be too early to draw such conclusions for organizational purpose, a burgeoning literature has associated CSR initiatives with various positive outcomes of strategic interest

<sup>11</sup> R. Bénabou & J. Tirole (2010) Individual and corporate social responsibility, *Economica*, 77, 1-19

<sup>12</sup> F. Bridoux, R. Coeurderoy & R. Durand (2017) Heterogeneous social motives and interactions: The three predictable paths of capability development, *Strategic Management Journal*, 38(9), 1755-1773

<sup>13</sup> R. Durand & CW. Huynh (2019) *Approaches to Purposeful Leadership*, Society and Organizations Institute, HEC Paris

to the firm. Beyond enhanced financial performance (which helps to bring shareholders on board), new research in behavioral economics and social psychology highlights the positive role that CSR investments can play in employee-related outcomes, such as enhanced engagement,<sup>14</sup> better retention,<sup>15</sup> higher productivity<sup>16</sup> and other pro-organizational behaviors.

While an employer's social responsibility is widely believed to positively influence workforce behavior, evidence of disparity in workers' reactions to it has recently been brought to the table. In particular, research on employee-company identification has suggested a link between CSR responsiveness and personal values, through a distinction based on the social preferences of employees. Indeed, in the literature, the implementation of CSR practices is sometimes viewed as the reflection of what top management or other stakeholders wish they could do for the common good outside the organization (e.g., engage in philanthropy, address issues that not-for-profit intermediaries fail to tackle, etc.).<sup>17</sup> This suggests that employees' (absence of) prosocial inclination may play a role in determining their (non) attachment to CSR in the workplace. Therefore, reactions to CSR among the workforce may be heterogeneous, depending on employees' social preferences: the messages conveyed by socially responsible practices would resonate with the personal values of prosocially inclined employees, while self-regarders would show little or no sensitivity to CSR. Consequently, socially responsible environments would tend to boost motivation and generate pro-organizational behavior mainly among prosocial employees, as they personally value the positive impact of their employer's CSR practices. By extension, the same distinction would hold for organizational purpose in place of CSR.

The few existing studies that have integrated social value orientation as a variable into their analyses confirm this assumption. For instance, they have found that responsiveness to social incentives such as charity donations differs greatly between prosocial individuals and other types of SVO. In an online experiment involving 320 students from the United States, a 16% increase in productivity has been associated with social incentives for prosocially oriented individuals while the effects on the others were low and never statistically significant.<sup>18</sup> Another online study has explored the effect of an employer's social responsibility on on-call workers' willingness to work more than what was required under their

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<sup>14</sup> C. Flammer & J. Luo (2017) Corporate social responsibility as an employee governance tool: evidence from a quasi-experiment, *Strategic Management Journal*, 38(2), 163-183

<sup>15</sup> S. Carnahan, D. Kryscynski & D. Olson (2017) When does corporate social responsibility reduce employee turnover? Evidence from attorneys before and after 9/11, *Academy of Management Journal*, 60(5), 1932-1962

<sup>16</sup> T. Gubler, I. Larkin & L. Pierce (2017) Doing well by making well: The impact of corporate wellness programs on employee productivity, *Management Science*, 64(11), 4967-4987

<sup>17</sup> R. Bénabou & J. Tirole (2010) Individual and corporate social responsibility, *Economica*, 77, 1-19

<sup>18</sup> M. Tonin & M. Vlassopoulos (2015) Corporate philanthropy and productivity: Evidence from an online real effort experiment, *Management Science*, 61(8), 1795-1811



contract. It was observed that workers who identify as prosocially-oriented tend to complete extra work once they receive information about their employer’s corporate philanthropy.<sup>19</sup>

Although these behavioral differences based on social preferences have not yet been demonstrated with organizational purpose per se, a laboratory experiment I helped to conduct this year within the Purposeful Leadership Chair at HEC Paris (a project run by Rodolphe Durand and Chang-Wa Huynh) yielded consistent results. The analysis of the diligence of participants, half of whom carried out their tasks in a morally purposeful environment, provided us with this main finding: the purpose condition encourages reciprocators to be more diligent in their tasks while self-regarders are not responsive.<sup>20</sup> This suggests that individualistic people would be rather impervious to purpose in the workplace. Further studies should explore whether this behavioral difference in purpose-driven organizations is also observed with other types of pro-organizational behavior, such as helping co-workers, completing extra work or being more productive, as was demonstrated with CSR.

#### Overview of findings from recent studies

Study	Setting	Treatment	Results
M. Tonin & M. Vlassopoulos, 2015	UK (U. of Southampton) Students, online	CSR	Prosocials show higher productivity when offered social incentives
V. Burbano, 2019	USA (Columbia University) On-call workers, online	CSR	Prosocials complete extra work when faced with their employer’s corporate philanthropy
D. Mieszkielo, CW. Huynh & R. Durand, 2020	France (HEC Paris, S&O Institute) Students, in a lab	Purpose	Prosocials show higher diligence when working in a purposeful environment

While purpose seems to be more appealing to prosocial people, this does not mean that individualists’ engagement and motivation are to be left aside in morally purposeful environments. Recent studies on CSR show that, while reciprocators may reap direct benefits from participating in such activities (mainly fueled by the alignment that occurs with their personal values when taking prosocial action), self-interested employees may just need an additional stimulus to willingly give some of their time and skills for a societal cause. Ways to

<sup>19</sup> V. Burbano (2019) Getting gig workers to do more by doing good: Field experimental evidence from online platform labor marketplaces, *Organization & Environment*

<sup>20</sup> D. Mieszkielo (2020) The influence of meaningfulness at work on employee organizational behavior: The role of individual social preferences, Master Thesis, HEC Paris

encourage their participation include providing release time, giving awards to recognize the quality of a specific prosocial action, introducing contributions to initiatives in job performance evaluations or even linking sustainability efforts with financial compensation.<sup>21</sup> An alternative to directly rewarding employees

with financial packages can be to let them choose to whom the money is donated, which has been identified as an effective way to increase buy-in for CSR activities.<sup>22</sup> Encouraging workers of all social preferences to engage in socially responsible activities can be beneficial to both the employer and the employees themselves, who turn out to be more satisfied in their job. As research on organizational purpose develops further,<sup>23/24</sup> we can assume that some incentives (to be identified) can be put in place in order to adequately motivate rather individualistic profiles in purpose-driven organizations.<sup>25</sup>

We have seen that our social preference (prosocial or individualistic inclination) plays a significant role in shaping our behavioral responses to purpose in the workplace. Basing our reflection on recent studies on corporate social responsibility, we have examined the relatively unexplored fact that purpose does not naturally appeal to all individuals equally. As organizations are increasingly being challenged to launch corporate initiatives with societal mandates, the “person-purpose fit” (whether an organization’s communicated purpose reflects our own values) as well as the mix of social preferences (the proportion of reciprocators and self-regarders in the workforce) should be considered as strategic elements for their implications in various Human Resources domains, such as talent attraction, engagement and retention. Paying particular attention to the congruence of employees’ motives with those of the organization is beneficial to both parties, as it fuels employee-company identification, job satisfaction and quality of work life.<sup>26</sup> In contrast, evolving in an environment that is inconsistent with their personality may cause both individualistic and prosocial employees to exhibit lower levels of pro-organizational behavior. One lever to facilitate the attraction and retention of like-minded talents may be to invest in the development of an appropriate purpose-focused communication strategy,

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<sup>21</sup> H. Kim, M. Lee, H. Lee, & N. Kim (2010) Corporate social responsibility and employee-company identification, *Journal of Business Ethics*, 95, 557-569

<sup>22</sup> D. Haski-Leventhal (2013) Employee engagement in CSR: The case of payroll giving in Australia, *Corporate Social Responsibility and Environmental Management*, 20(2), 113-128

<sup>23</sup> R. Durand & CW. Huynh (2021) Legitimacy judgements and prosociality: organizational purpose explained. In *Handbook on the Business of Sustainability: The Organization, Implementation, and Practice of Sustainable Growth*, G. George, M. R. Haas, H. Joshi, A. McGahan & P. Tracey (eds), Edward Elgar Publishing, forthcoming

<sup>24</sup> R. Durand & CW. Huynh, Not in my name: social orientation, purpose and performance (Working paper)

<sup>25</sup> M. Huysentruyt, O. Andersson, T. Miettinen & U. Stephan (2016) Person-Organization fit and incentives: a causal test, *Management Science*, 63(1), 73-96

<sup>26</sup> W. Evans & W. Davis (2011) An examination of perceived corporate citizenship, job applicant attraction, and CSR work role definition, *Business & Society*, 50(3), 456-480

targeted at both internal and external stakeholders and reflecting their own personal search for meaning.

#### Main takeaways for decision-makers

Drawing on the finding that responsiveness to corporate social responsibility and purpose in the workplace is heterogeneous among the workforce (as it depends on our social preferences, i.e., individualistic or prosocial), three main lessons can be retained:

- If purpose is fashionable, it should not be considered as a magic wand that automatically and homogeneously fosters all employees' motivation and pro-organizational behavior.
- Individual perspective: investing in means to ensure the person-purpose fit when recruiting new talents is a critical investment for talent engagement and retention in the long run. An appropriate purpose-focused communication strategy, both inside and outside the organization, can be a powerful lever to attract talents whose social motivations match organizational values.
- Collective perspective: accordingly, the mix of social preferences observed in the workforce needs to be taken into account when implementing motivational systems and incentives, in order to avoid counter-productive effects of CSR or purpose-related initiatives. All types of social preferences can eventually show lower levels of pro-organizational behavior if they are forced to evolve in an environment that is inconsistent with their values.



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