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Moral Imagination, the Collective Desirable, and Strategic Purpose

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Abstract. In contrast to the prevalent outside-in perspectives on corporate purpose as a response to competing normative demands of stakeholders, we introduce an inside-out perspective on purpose as based in firm-specific, agentic commitments to specific values, ideals, and societal goals. Drawing on moral philosophy, we propose how strategists can develop a strategic purpose through moral imagination that involves developing shaping intentions based in values and ideals, empathetic relating, and imaginativeness in stakeholder contexts. These processes support the generation of an emergent theory of value, which we term “the collective desirable.” This theory of value—a creative synthesis of the shaping intentions of the firm, and the interests and perspectives of stakeholders—provides the foundation of purpose, which is strategic, dynamic, and generative for the firm and its stakeholders. Such a strategic purpose becomes an organizational logic of action enacted through designated processes for articulation, maintenance, and evolvability, and through blueprints for credible commitments and resource allocations. By theorizing the microfoundations of an agentic, inside-out view of purpose, our theoretical framework articulates a set of mechanisms through which strategists can develop a strategic purpose that is tightly linked to the firm’s future-oriented strategy and the exercise of moral leadership. Our conception of moral imagination as a form of prosocial prospective cognition contributes a novel perspective to the socio-cognitive and subjectivist perspectives on strategy and extends the microfoundations of strategy.

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Keywords: moral imagination • moral reasoning • values • corporate purpose • theory of value • micro-foundations of strategy • stakeholder relations

Introduction

In 2010, under chief executive officer (CEO) Paul Polman, Unilever defined its corporate purpose as “to make sustainable living commonplace” (Bartlett 2016, p. 4) and set three broad goals: “to help a billion people improve their health and well-being, to halve the environmental footprint of making and using Unilever products, and to enhance the livelihoods of those in its value chain” (Bartlett 2016, p. 3). This purpose became the foundation of a transformational strategy, intended to “demonstrate how [a] purpose-led, future-fit business model drives superior performance, consistently delivering financial results” (Unilever 2022). Unilever’s approach exemplifies the strategic approach to defining corporate purpose that we theorize in this paper.

In the organizational literature, much of the discussion on purpose—defined as “the reason for which business is created or exists, its meaning and direction” (Hollensbe et al. 2014, p. 1228)—has centered on the debate about whether a firm’s purpose is to ensure shareholder value maximization (Friedman 1970, Williamson 1979) or to serve a broad set of stakeholders (Freeman 1984, Henderson 2020). Although this debate is extensive (Smith 2003, Harrison et al. 2020), both sides have adopted an “outside-in” (Crilly and Sloan 2012, p. 1174) view, which gives primacy to *external* “shoulds” and “oughts” defined by stakeholders. The outside-in perspective on purpose has focused extant research primarily on how firms respond to stakeholder needs and demands, giving less attention to how purpose reflects and/or informs a firm’s distinctive strategy.

To redress this imbalance, we draw attention to an “inside-out” (Crilly and Sloan 2012, p. 1174) perspective on purpose (also see Almandoz 2023). We advance an inside-out perspective to focus on purpose as *strategic*, that is, as rooted in firm-specific, agentic commitments to enact specific values, ideals, and societal goals that a firm chooses in pursuit of developing distinctive strategies, competitive advantages, and positive societal impact. We argue that with rising normative expectations about firms’ societal impact, addressing the question of how a firm’s purpose relates to its strategy becomes both more pragmatically urgent and theoretically important.

We address this question by reconceptualizing purpose as a dynamic, direction-giving framework that aims at bringing about economic and societal change and coordinates firms’ interactions with stakeholders to this end. This firm-specific framework is rooted in strategists’ moral imagination and an emergent theory of value, which we term “*the collective desirable*.” The emergent theory of value supports the ability of firms to develop strategic purpose that is dynamic, and generative for the firm *and* its stakeholders. Such strategic purpose provides an organizational logic of action through designated processes for articulation, maintenance, and evolvability, as well as through blueprints for making credible commitments and resource allocations. Our inside-out view of purpose foregrounds moral imagination as a distinct form of moral reasoning that enables strategists to exercise moral leadership¹ (Solinger et al. 2020) rather than to simply navigate tradeoffs presented by competing stakeholder demands (Battilana et al. 2022).

We ground our theoretical ideas in the moral philosophy of Dewey (1922, 1960) and the psychological research on individual purpose, which conceptualizes purpose as “a stable and generalized intention to accomplish something that is at the same time meaningful to the self and consequential for the world beyond the self” (Damon 2008, p. 33). This view of purpose departs from notions of purpose as lasting statements about why a firm exists, placing the emphasis on its dynamic quality. To be strategic, purpose needs to be dynamic, reflecting changing competitive and stakeholder environments. A dynamic view of purpose is also central to understanding how it relates to firm strategy. It shifts the thinking about strategists as respondents to outside-in “shoulds” and “oughts,” to strategists as proponents and stewards of “shoulds” and “oughts” based on sustained intentions to bring about change that benefits the firm, its stakeholders, society, and the planet. As such, it enables strategists to engage with stakeholders from a position of moral leadership, and with intentions to cocreate desirable futures with them. Moral imagination, and its constituent processes we theorize, are the socio-cognitive mechanisms through which strategists can develop such a firm-specific, strategic purpose by synthesizing the firm’s

interests and stakeholder demands. These theoretical ideas also answer the question of how purpose comes to be: a question with few answers in the extant strategy literature.

We focus on the moral imagination of strategists, consistent with the upper echelons (Hambrick and Mason 1984), strategic cognition (Prahald and Bettis 1986, Cattani et al. 2018), and subjectivist (Foss et al. 2008) perspectives in strategy that identify a firm’s top managers as the architects of its strategy, while recognizing that firm strategies are products of complex cognitive, affective, and organizational dynamics. Furthermore, we focus on purpose-driven companies, for whom intertwining purpose to strategy is an essential feature (Henderson 2020, Gulati 2022) and for whom purpose defines a distinctive firm-level logic of action.² This distinctiveness may result in unique positioning within markets and industries (Rindova and Martins 2018a) and may inspire others to follow, thereby producing transformational change at the level of industries and society (Henderson 2020). Purpose-driven companies are value-rational in the sense that the values that underlie their purpose are central to their conception of their current and future organizational selves³ and to their approach to stakeholders and other actors in the market (Rindova and Martins 2018a).

We make three primary contributions to the literature. First, we propose and theorize the microfoundations of an inside-out view of purpose, which we develop as an alternative to the dominant outside-in perspective on purpose. We propose how strategists can use purpose to exercise moral leadership and to create a firm-level logic of action that sustains substantive rather than merely symbolic commitments to strategic directions of development consistent with the purpose. Second, we develop the construct of strategists’ moral imagination as a form of prosocial prospective cognition and theorize its implications for firms’ stakeholder and shaping strategies. Thus, we contribute to the socio-cognitive subjectivist perspectives on strategy a novel perspective on imagination that focuses on how firms relate to stakeholders and creatively synthesize ideas to resolve tensions between the firm’s intentions and external constraints. Third, we extend relational stakeholder theory (Bridoux and Stoelhorst 2016) by emphasizing how a firm could exercise moral leadership by proactively incorporating stakeholder concerns in its purpose, and by developing it into a firm-level logic of action that safeguards the firm’s stakeholder commitments.

Strategists’ Moral Imagination

Our efforts to differentiate an inside-out approach to purpose from the predominant outside-in view reflect a long-standing tension in moral philosophy and moral reasoning. Following Kant (1785/2002), moral reasoning

is generally understood as applying given principles correctly to specific problematic situations. In contrast, pragmatist approaches based in the work of Dewey (1922, 1960) on moral imagination link moral reasoning to moral leadership based on imaginativeness, defined as ability to see presently encountered situations as other than what they currently are. Moral imagination refers to the cognitive processes involved in envisioning new possibilities in a particular situation, based on one's values and ideals, in order to address the ethical tensions and challenges that the situation presents (Johnson 1993). Figure 1 represents our conceptualization of the relationship between moral imagination and strategic purpose, and Table 1 summarizes the constructs used in our theory development. We theorize moral imagination as encompassing three processes—acting from abiding values and ideals, empathetic relating, and imaginativeness in stakeholder contexts. Values and ideals underlie strategists' shaping intentions,⁴ empathetic relating generates genuine knowledge of stakeholder perspectives, and imaginativeness in stakeholder contexts brings forth a set of novel imagined possibilities. Taken together the three processes generate a broad temporal frame that spans the past (values), present (empathetic relating), and future (imagined possibilities) and enables strategists to synthesize an emergent theory of value addressing potential tensions between firms' intentions, values, and ideals, and those of stakeholders advancing theirs. That theory informs the development of strategic purpose as a firm-level logic of action, comprising processes for its articulation, maintenance, and evolvability, and blueprints for making credible commitments and resource allocations.

Abiding Values and Ideals

A conception of purpose rooted in moral imagination foregrounds strategists' moral leadership and gives primacy to the values and ideals that define their individualized moral self (Kraatz et al. 2020, Pontikes and Rindova

2020). Values refer to “core conceptions of the desirable within every individual and society” (Rokeach 1973, p. 2; Schwartz 1992). At the individual level, values are complex cognitive resources that direct strategists' attention to specific aspects of their environments and affect their evaluations of their own actions and the actions of others (Rindova and Martins 2018a). Values are “emergent and historically accreted” (Kraatz et al. 2020, p. 482), and as such, they are perforce influenced by strategists' personal histories, as well as those of their organization, stakeholders, and communities. As historical inheritances, values are resistant to change (Damon and Colby 2015) and are rejected or escaped only at some cost.

Ideals complement values by bringing into focus the nonexistent but desirable. Whereas values and ideals are often used interchangeably in both academic and popular writing (see Kraatz et al. 2020 for a discussion), ideals capture “a standard of perfection, beauty, or excellence,” the achievement of which is never quite complete (Merriam Webster Dictionary 2022). In the context of purpose and strategy, ideals are forward-looking aspirations that may or may not reflect prior tangible commitments as values do. The distinction is important to understanding moral imagination, as ideals are abstract, optimistic, and reflective of unrealized potentialities, thereby orienting strategists toward the future, in contrast to the historical commitments and inheritances of the past that are the provenance of values.

Furthermore, values and ideals are not only subjective cognitive resources, but they are also cultural and institutional templates (Selznick 1957, Kraatz et al. 2020). As such, they form part of individual and organizational cultural repertoires (Rindova et al. 2011), anchoring them in cultural traditions and social and moral communities (Fesmire 2003, Gulati 2022). However, as Kraatz et al. (2020, p. 483) note, “people are active participants in their own socialization (Dewey 1939, Tsirogiani and Gaskell 2011)” and are embedded in multiple cultural

Figure 1. (Color online) Process Model for Developing Strategic Inside-Out Purpose

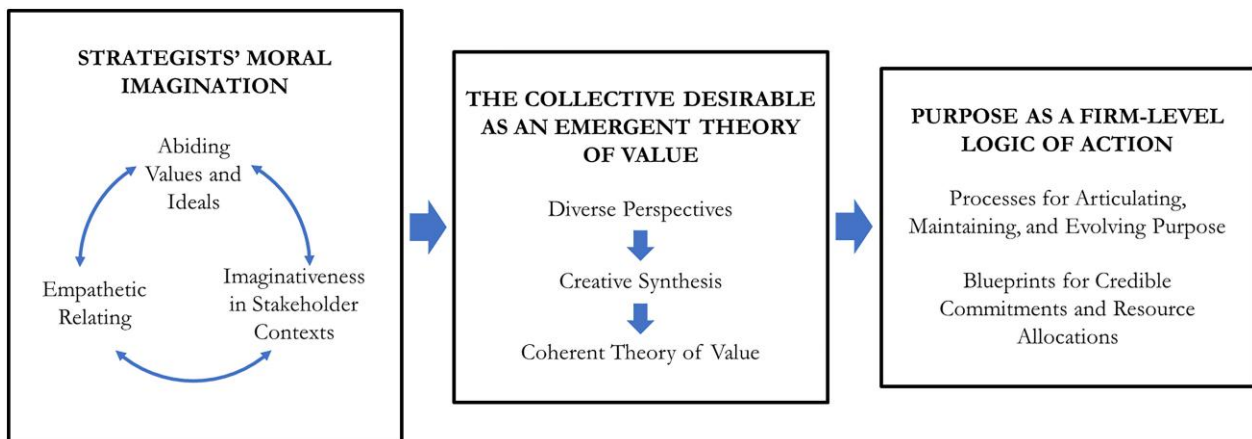


Table 1. Summary of Constructs

Construct	Definition	Theoretical relevance
Outside-in view of purpose	Purpose as a reflection of and response to <i>external</i> “shoulds” and “oughts” defined by stakeholders.	Represents the predominant theoretical emphasis in discussions of corporate purpose as a response to stakeholder demands.
Inside-out view of purpose	Firm purpose based on sustained intentions to bring about change that benefits the firm, its stakeholders, society, and the planet.	Reconceptualization of purpose as rooted in firm-specific, agentic commitments to enact specific values, ideals, and societal goals.
Moral imagination	A form of moral reasoning that envisions new possibilities in situations that involve pluralistic values and interests (Johnson 1993).	Moral imagination is a form of prospective cognition that provides the socio-cognitive mechanisms through which strategists can develop a firm-specific, strategic purpose that synthesizes the firm’s intentions and stakeholder demands.
Moral leadership	“A situation wherein individuals take a moral stance on an issue, convince others to do the same, and together spur change in a moral system” (Solinger et al. 2020, p. 504).	Strategists can use moral imagination to exercise moral leadership, rather than to navigate trade-offs presented by competing external demands.
Values	Refer to “core conceptions of the desirable within every individual and society” (Rokeach 1973, p. 2; Schwartz 1992).	Values direct strategists’ attention to specific aspects of their environments, shape their intentions, and affect their evaluations of their own actions and those of others.
Ideals	Refer to “a standard of perfection, beauty, or excellence,” the achievement of which is never quite complete (Merriam Webster Dictionary 2022).	Ideals are forward-looking aspirations that are abstract, optimistic, and reflective of unrealized potentialities, thereby orienting strategists toward the future (in contrast to values reflecting historical inheritances).
Empathetic relating	Relating to others based on “understanding another person’s experience by imagining oneself in that other person’s situation” ... “as if it were being experienced by the self,” (Hodges and Myers 2007, p. 296).	Empathetic relating generates genuine direct knowledge of the needs and perspectives of stakeholders, which are critical inputs into strategists’ moral imagination.
Imaginativeness in stakeholder contexts	Imaginative problem-solving stimulated by the context, whereby one can see anew problematic situations and interactions, and mentally simulate how they could be other than what they are (Dewey 1922, 1960).	Imaginativeness in stakeholder contexts enables strategists to envision possibilities for how a situation could be transformed in accordance with the values and ideals reflected in the firm’s shaping intentions.
Broad temporal frame	The intertwining of past, present, and future through the socio-cognitive processes involved in moral imagination	Expands strategists’ temporal focus and the temporal horizon over which they define the firm’s strategic purpose and goals
Creative synthesis	A dialectical combination of differing alternatives, that retains valuable aspects of the alternatives from which it is derived (Harvey 2014).	Involved in generating the collective desirable as an emergent theory of value that synthesizes the tensions between a firm’s shaping intentions and stakeholders’ needs/expectations.
Theory of value	Understandings and beliefs about value creation and capture, held by the firm’s strategists (Felin and Zenger 2017).	An emergent framework that guides the development of strategic purpose.
The collective desirable	An emergent theory of value that reflects a conception of the desirable that is specific to a given space (context) and time.	A synthesis of different viewpoints that resolves multiple tensions and contradiction and guides the development of strategic purpose.
Firm-level logic of action	Refers to “a mindset or a world view or conceptualization of the business and the administrative tools to accomplish goals and make decisions ...” (Prahalad and Bettis 1986, p. 491).	Articulation of purpose as a framework for organizing and making resource commitments that ensure the credible enactment of purpose.
Processes for articulation, maintenance, and evolvability	Processes involved in expressing purpose in statements, sustaining it through organizational arrangements, and enabling its evolution based on changes in strategists’ intentions and/or the context.	Articulating purpose requires sensemaking and communicative work; maintenance and evolvability of purpose require organizational arrangements for coordinating firm action and interfaces with stakeholders.
Blueprints for credible commitments and resource allocations	Guidelines that sustain managerial attention (Ocasio 2011), guide resource allocations, and compel investments in new capabilities to achieve the impact mandated by a chosen purpose.	Blueprints tightly link purpose and strategy by concretizing the direction-giving function of purpose, ensuring credible commitments and resource allocations, and prioritizing possible directions and imagined pathways for action, in the enactment of the firm’s strategic purpose.

contexts that “present them with a ‘buffet of values’ from which to choose...” Thus, people develop idiosyncratic values and ideals that influence individual cognition and volition, but those operate within, and against, the cultural horizons of the social contexts where people develop, grow, and pursue goals. This dynamic is a source of tension between historical inheritance and agency.

We see the tension between historical inheritance and agency as generative, as it is at the intersections of cultural contexts that values collide and create impetus for strategists to develop shaping intentions, craft purposes, and pursue social impact and change. The ideological battles and moral tensions surrounding value differences, as well as the gaps between value enactments and the aspirations of ideals, provide the contexts for moral imagination. Distinctive strategic purpose is then crafted by both embracing and resisting values and translating ideals into shaping intentions. Moral imagination is called upon to enable individuals to navigate such tensions. As Solinger et al. (2020) argue, moral framing of issues that are equivocal and subject to debate provides the grounds for engaging in moral leadership. Since such situations are not only institutionally complex, but also personally significant, they become contexts for agentic engagement with institutional complexity (Dalpiaz et al. 2016) and the exercise of moral imagination and moral leadership.

Rindova and Martins (2018a, p. 323) argue that values become resources for moral leadership when they operate as “value postulates.” A value postulate is “[n]ot simply a single value, such as a positive evaluation of wealth or of the fulfillment of duty”; instead, “a value postulate implies entire clusters of values” that provides “a unique ‘standard’ against which reality’s flow of unending empirical events may be selected, measured, and judged” (Weber 1946, p. 294; Kalberg 1980, p. 1155). Value postulates thus become attentional structures that direct strategists’ attention to specific value-relevant issues; they also serve as identity markers that influence how stakeholders relate to firms (Rindova and Martins 2018a). These strategic effects of value postulates connect values to strategists’ shaping intentions to transform existing situations into preferred ones (Simon 1996, Rindova and Martins 2021).

Empathetic Relating

Others, their experiences and interactions, also provide information and inspiration for moral imagination. Copresence to the experience of others through immersion in context, through close relationships, or through broad awareness, are important sources of moral imaginative-ness, as they expose strategists to the needs, aspirations, and goals of others (Rindova and Martins 2021). Observed and shared experiences through copresence provide material for strategists to reflect on, from the

distinct perspective of their own values, as well as from their empathetic understanding of the experience of others. In social psychology, empathy is defined as “understanding another person’s experience by imagining oneself in that other person’s situation” ... “as if it were being experienced by the self,” which enables “understanding a person from his or her frame of reference rather than one’s own” (Hodges and Myers 2007, p. 296).

Empathy is a core cognitive mechanism that aligns and harmonizes the imagination of strategists with the experiences and priorities of stakeholders. It generates genuine *direct* knowledge (Zagzebski 1999) of the needs and perspectives of others, as it involves observing and relating to the experiences of others as one’s own. This lively connection that takes place in the present guards against value dogmatism, stale traditionalism, and conceptual inertia. Dewey (1960) emphasizes that empathetic relating is complemented and expanded through practical reflection, which orients strategists toward imagining possibilities for action. Reflection and deliberation expand attention beyond what is immediately experienced in the present, drawing on experiences *and* aspirations for the future. Reflection and deliberation engage values *and* ideals, which although closely related (Kraatz et al. 2020), activate different temporalities that expand the potential surface area for moral imagination. In seeking to understand others as oneself, strategists can synthesize individual and collective experiences across multiple temporal horizons (Rindova and Martins 2018b).

Proactive dialogue with stakeholders, and the worlds they live in and organize, is conducive to unearthing stakeholder intentions relative to the firm’s strategies and to developing relational approaches for joint value creation and/or cooperative implementation with the focal firm (Bridoux and Stoelhorst 2016, Mayer 2021). In this context, empathetic relating is similar to the notion of allocentric thinking in cooperative game theory (Brandenburger and Stuart 1996), which is similarly focused on understanding the perspective and thinking of “the other.” However, the goal of allocentric perspective-taking in game theory is instrumental, as it is a means to capture more value by influencing others’ beliefs. In contrast to the self-interested focus of allocentric thinking in game theory, empathy is motivated by genuine concern for the needs of others and by prosociality, understood as behaviors intended to benefit others. As a result, while shaping intentions direct the firm to pursue environmental change that affects the outcomes of others (and not only those of the firm), prosociality ensures that the intended change accords with stakeholder needs and perspectives. Empathetic relating, and the genuine knowledge of stakeholders’ perspectives it generates, are prerequisites for imbuing purpose with collaborative potential.

Imaginativeness in Stakeholder Contexts

Pursuing empathetic relating with stakeholders also brings strategists into the context within which stakeholders operate and the strategists' shaping intentions would be enacted (Rindova and Martins 2021, 2022). Context stimulates imaginative problem-solving, which Dewey (1922, 1960) posited as a key process of moral imagination. Dewey specifically distinguished between the *imaginative*, which is interactively engaged in social contexts and problematic conditions, and the *imaginary* as a subjective mental experience. Applied to strategy making and the development of purpose, the imaginative enables strategists to see anew problematic situations and stakeholder interactions and to mentally simulate how they could be other than what they are in the present.

Problem-oriented imaginativeness is a central cognitive mechanism involved in envisioning possibilities. Possibilities are defined specifically by the ability of an actor to link an imagined "transformation of one state of affairs into another" to "a course of action open to him" or her (Shackle 1973, p. 401). While empathetic relating generates new and genuine direct knowledge (Zagzebski 1999) of stakeholder perspectives, imaginativeness in stakeholder contexts enables the recognition of how a particular situation could be transformed. Novelty arises both from the subjective value rationality of strategists and from the empathetic and interactive discovery of possibilities. The imagined novel possibilities are both stimulated and constrained by the stakeholders' perspectives and the imaginative work in context (Rindova and Martins 2022). As such, they reflect new and grounded understandings of possible courses of action that have the potential to benefit both firms and their stakeholders. Taken together, the three processes that comprise moral imagination span the past, present, and future, providing broad temporal frames and an expanded temporal horizon over which the firm defines its strategic purpose and goals, and seeks to redefine its stakeholder relationships and commitments.

The Collective Desirable as an Emergent Theory of Value

A defining characteristic of moral imagination is the ability to abstract beyond the concrete situation and to act on behalf of others, as well as on behalf of abstract values and ideals, such as justice (Narvaez 2010). In strategic contexts, we argue, this ability rests on (a) the broad temporal frame that moral imagination provides and (b) the synthesis of strategists' shaping intentions with the expectations, concerns, and priorities of stakeholders. This synthesis constitutes an emergent theory of value that represents *the collective desirable*.

To understand how the collective desirable is synthesized, it is important to explore further the intertwining of imaginative processes with reflection and engagement with others. Imagining possibilities involves envisioning

alternatives *and* imaginatively rehearsing their enactment. Through imaginative rehearsal people explore "what the various lines of possible action are really like" (Dewey 1922, p. 190). Imaginative rehearsal may involve deliberating with others and considering the roles they might play in turning possibilities into reality. These imaginative processes naturally implicate "others" and their experienced *or imagined* contributions. Others—which in the context of strategy are defined as stakeholders—are implicated in imaginative processes in at least four ways: Others are a part of the moral communities wherein values are acquired and learned. They are imagined potential beneficiaries of intended changes. They could be construed as potential partners or adversaries in the processes of pursuing the imagined possibilities. Finally, they are also target audiences to be persuaded about the chosen courses of action. These, and other ways in which others feature in moral imagination processes, make moral imagination a prosocial form of prospective cognition. The combination of prosocial and prospective cognition enables strategists to change their own beliefs in relation to others, to reimagine the roles of others, and to tap into or redirect the resources others control (Pontikes and Rindova 2020).

In interactions with others, strategists learn, deliberate, and test their moral positions. The possibilities imagined in context therefore are not the product of heroic moral foresight, but of reflection and deliberation with others to express and understand the differences in perspectives, and to re-evaluate current practices and choices in light of unrealized ideals and potentialities. The imagined possibilities thus fashioned are a product of collective processes that incorporate the temporal trajectories of values and ideals, histories and aspirations, and the potent moments of alignment in the present.

These processes enable strategists to create a synthesis that combines their shaping intentions with stakeholder perspectives and newly imagined possibilities. This synthesis represents *the collective desirable*, which we conceptualize as an emergent theory of value (Felin and Zenger 2017). As a theory of value, the collective desirable could point strategists to specific opportunities to create or cocreate value with stakeholders *and* to capture value by reducing uncertainty and search costs associated with the discovery and enactment of novel opportunities (Gavetti 2012). As an *emergent* theory of value, the collective desirable reflects a conception of the desirable that is specific to a given space (context) and time. As such, it must be modified or regenerated through moral imagination and *ongoing stakeholder engagement*.⁵ Through the lens of the collective desirable, strategists can develop visionary strategies, as it provides a big-picture representation of the situation and its moral demands, supporting long-chain reasoning (Schilling 2018) that reflects both the strategists' and their stakeholders' perspectives, shared through interaction and deliberation.

The collective desirable not only reflects these different perspectives but captures points of convergence and coherence by reconciling multiple ongoing tensions, which we summarize in Table 2. For example, tensions exist between the values and ideals advanced by strategists and the outside-in “oughts” and “shoulds” defined by stakeholders. Another tension links strategists’ agency in enacting their shaping intentions and the constraints imposed by the intentions of stakeholders, as well as the related tension between shaping the environment according to strategists’ intentions and empathetic relating to stakeholders. Additionally, tensions must be resolved between values as historical endowments and ideals as forward-looking bases for novel imagined possibilities, as well as between present-day demands and novel future-oriented possibilities birthed through imagination.

Engaging with these tensions through deliberation and reflection, learning and persuasion (Pontikes and Rindova 2020), strategists synthesize new emergent understandings that bring the coherence required for a theory of value from which they can define a strategic purpose. For example, Mayer (2021) describes how Novo Nordisk changed its purpose from producing insulin to helping people treat type 2 diabetes. It then engaged with doctors, hospitals, and universities around the world and synthesized an emergent theory of value that led it to redefine its purpose from treating type 2 diabetes to helping people avoid becoming diabetic.⁶

Such coherence, we argue, requires *creative synthesis of contradictions* (Harvey 2014). Creative synthesis rests on the dialectical exploration and combination of differing alternatives instead of prioritizing and choosing among them (Battilana et al. 2022). It produces coherent wholes that retain valuable aspects of multiple alternatives (Harvey 2014) while creating something new that differs from its oppositional inputs (Dalpiaz et al. 2016). Thus, as a theory of value, the collective desirable does not rest on agreement on values, but instead on dialectic accommodation and combination. It creates *strategic coherence*

based on novel synthetic insights about where firm shaping intentions meet stakeholders’ needs and expectations within an expanded temporal horizon. It also helps strategists redefine firm-stakeholder relationships from being understood in terms of relatively stable relations that involve negotiations around multiple tradeoffs (Battilana et al. 2022) toward dynamic collaborations in the pursuit of transformative societal impact.

Strategic Purpose as a Firm-Level Logic of Action

Strategic purpose is borne out of strategists’ moral imagination and the synthesis of strategists’ shaping intentions and stakeholder perspectives into the collective desirable. Although the collective desirable helps strategists understand how to pursue impact on the world that is beneficial to stakeholders and meaningful to the firm, as a theory of value, it is comprised of understandings and beliefs held by the firm’s strategists (Felin and Zenger 2017). These beliefs are translated into purpose as a firm-level logic of action through (a) processes for articulation, maintenance, and evolvability and (b) blueprints for credible commitments and resource allocations.

Processes for Articulating, Maintaining, and Evolving Purpose

Our conceptualization of strategic purpose necessitates a shift in strategists’ thinking about purpose from a statement to a process, and from stable to dynamic. Such shifts in thinking are necessary for maintaining the strategic relevance and value of purpose, as external conditions change and new challenges and opportunities arise.

The articulation of purpose itself is a challenging cognitive and expressive act, as a purpose statement must be sufficiently abstract to synthesize the various tensions we discussed *and* at the same time be specific, to resonate with organizational members and be perceived

Table 2. Tensions Synthesized in the Collective Desirable

Source of tension	Strategists’ inside-out intentions	Outside-in contextual constraints
Priorities	Enacting the firm’s preferred future	Varied and changing stakeholder expectations of the firm
Firm’s strategic posture	Shaping the environment in preferred directions for industry and society	Adapting strategy to respond to stakeholder concerns and demands
Guiding principles	Strategists’ abiding values and ideals	The “shoulds” and “oughts” underlying stakeholders’ expectations
Managerial cognition	Dynamic, forward-looking, guided by values <i>and</i> ideals, connected to imaginative and creative processes	Past or present focused, constrained by existing mental models, vested interests and historical values
Possibilities	Novel possibilities created through imaginativeness in stakeholder contexts	Current understandings of possibilities based on historical stakeholder relations
Temporality	Broad temporal frame spanning past, present, and future and an expanded temporal horizon	Focuses on history of interactions and exigencies in the present

as meaningful.⁷ Furthermore, as a relatively stable intention for impact, purpose provides a broad frame for thinking about a direction of change that reflects the collective desirable *and* the firm's self-encompassing historical identity and capabilities, which provide the credible foundation for its enactment (Pratt and Kraatz 2009). By bringing together external and internal, as well as past, present, and future conceptions and understandings, purpose provides a broad and abstract, yet relatable frame that directs actions toward a domain of possibilities defined by the meaning making that purpose engenders (Pratt and Hedden 2023).

The previous requirements suggest that defining purpose necessitates significant amounts of sensemaking and communicative work by both the firm's strategists and employees (George et al. 2022). To the degree that employees are stakeholders, they should be involved and have critical input into defining the collective desirable. Strategic purpose is thus participatorily developed through dialogue with internal and external stakeholders: in both articulating the purpose and in defining how it will be enacted. This process itself is likely to have a material impact on the firm's relationships with its stakeholders based on interactions that involve information gathering, ideation, and synthesizing diverse viewpoints (Rindova and Martins 2021). Additionally, to the degree that the collective desirable defines organizational-level goals (that affect employees, who are charged with the enactment of the purpose), employees have a further role as participants in the process of developing purpose.

The processes required to develop purpose can become part of the organizational arrangements dedicated to the maintenance and evolvability of purpose. Organizing is important for the maintenance of the values and ideals that spawn strategic purpose. Whereas purpose-driven organizations often design a strategic purpose around specific values and ideals, these can be precarious and subject to displacement over time (Clark 1956). Organizing thus coordinates the contributions of internal and external stakeholders toward the enactment of strategic purpose and lends appropriate anchoring in stable values and ideals relative to evolving instantiations in current stakeholder relations (George et al. 2022).

Blueprints for Credible Commitments and Resource Allocations

As a firm-level logic of action, strategic purpose defines and escrows the firm's strategic commitment to its values and ideals and the possibilities they illuminate in the collective desirable. Unilever illustrates the creation of blueprints to tightly couple purpose to strategy and embed purpose as a logic of action. Starting with a high-level statement that their purpose is "to make sustainable living commonplace," Unilever developed a "compass" that includes a vision statement, a "multi-stakeholder

model" consisting of not only internal and external stakeholders, but also society and the planet, as well as five explicit guidelines for its future strategic choices and actions. Examples of these guidelines include "Win with our brands as a force for good, powered by purpose and innovation" and "Build a purpose-led, future-fit organization and growth culture." Each of the high-level guidelines is further elaborated through goals for "operational excellence through the five growth fundamentals" (Unilever 2022). One level deeper are specific templates for development with different stakeholders. For example, the blueprint for promoting positive nutrition includes the goal of "85% of [the company's] Foods portfolio to help consumers reduce their salt intake to no more than 5 g per day by 2022" (Unilever 2022).

As this example illustrates, using purpose as a firm-level logic of action involves the creation of blueprints for credible commitments and resource allocations that sustain managerial attention (Ocasio 2011) and compel investments in new capabilities to achieve the impact mandated by the purpose. Blueprints tightly link purpose and strategy. First, they concretize the *direction-giving* function of purpose (Gulati 2022) to both guide and constrain courses of action based on espoused values and ideals. Viewing firm strategies as trajectories and firms as evolving bundles of resources and capabilities (Rindova et al. 2012), purpose is a mechanism that gives intentionality to the trajectory and connects it to the inputs of others who make its realization possible. Second, blueprints prioritize possible directions and imagined pathways that provide coherence not only within actors, but also across actors, as they increase stakeholders' ability to anticipate and interpret the firm's moves. Thus, they support coordination in strategic planning between the firm and stakeholders and invite the active participation of stakeholders in the enactment of the firm's strategic purpose.

Prior research, based largely on arms-length thinking about stakeholder relationships has noted that such interfaces are opaque and challenging for strategists when they seek insights into the plans of others (Cattani et al. 2018, Winter 2018). We propose that blueprints can reduce opacity and promote trust at critical interfaces with external stakeholders, thus facilitating the collaborative enactment of purpose. In providing such coordination, blueprints, and purpose more generally, may limit strategists' discretion, but they also generate creative solutions that emerge at the interfaces between the firm and stakeholders in its various socio-cultural contexts. Through blueprints, strategists signal the value rationality of specific investments and connect to the value rationality of stakeholders, which catalyze stakeholder participation and contributions to the firm's strategy. Such processes, we argue, can explain why and how strategic purpose may enable firms to have an

outsized impact on the world beyond the organizational self.

Discussion

In contrast to the preponderance of extant work emphasizing an outside-in normative view of purpose, we advance an inside-out agentic view, rooted in strategists' moral imagination. The strategic purpose we theorize frames a domain of possibilities based on strategists' intentions for a particular direction of industry and societal change. This shift in thinking about purpose, from producing "correct" moral conduct based on adhering to externally prescribed normative principles, to inside-out generation of intentions for beneficial social change, emphasizes strategists' agency in transforming their existing situations into preferred ones (Emirbayer and Mische 1998, Rindova and Martins 2018b). We discuss the implications of these ideas for (a) the microfoundations of strategy as they pertain to imagination, agency, and shaping strategy and (b) for purpose as a firm-level logic of action.

Moral Imagination and Microfoundations of Strategy

We built on the ideas of Dewey (1922, 1960) to theorize how strategists may mobilize moral imagination processes to address emergent moral dilemmas, envision societal impact, and garner stakeholder support behind their values-based societal goals. The promise of moral imagination, as a construct informing the microfoundations of strategy, is that it brings together a diverse set of topics, including moral reasoning and prospective cognition, value rationality and temporal work, shaping strategies and stakeholder relations. These topics are currently incorporated in strategy research only to a limited extent and are developed within different scholarly communities. However, thinking about these topics in consort, as our framework suggests, is essential to understanding how firms can navigate pluralistic social landscapes characterized by values-based polarization and anomie (Pratt and Hedden 2023) and the resulting uncertainty about future technological and social scenarios. If such environments call for moral leadership (Solinger et al. 2020), then moral imagination becomes a core process and a strategic leadership capability for engaging with stakeholders, garnering economic support, and mobilizing action toward cocreating preferred futures.

To the extent that prior research has espoused an outside-in view of purpose as responding to external stakeholder demands, management scholars have remained skeptical about the efficacy of purpose in bringing about social change. For example, they have argued that institutional structures maintain the primacy of the shareholder value maximization logic, weakening the abilities and will of firms to deliver on higher environmental,

social, and governance (ESG) or corporate social responsibility (CSR) expectations (Davis 2021). We see such contexts as providing excellent opportunities for examining how moral imagination could empower firm moral leadership. For example, future research on how moral imagination changes what positions firms take, how they engage with stakeholders, and how they sustain resource commitments in line with purpose-based strategic priorities, will advance our understanding of how firms may seek to shape their environments based on values and ideals. Whereas prior research has emphasized how shaping strategies alter the competitive landscape and the payoffs for industry competitors (Helfat 2021), future research on moral imagination and purpose-driven companies could explore shaping strategies that alter stakeholder positions and institutional arrangements. As society undergoes cataclysmic changes, such as those resulting from the global pandemic and climate change, moral imagination may provide a different cognitive toolkit for envisioning transformative change and for bridging social, economic, and political divides.

These arguments suggest the importance of future research investigating when and how firms' strategists employ moral imagination in strategy making. Research on purpose-driven companies has already demarcated this as an important domain for research and practice (Henderson 2020, Gulati 2022). Our theory suggests that future research could make valuable advances by studying the processes, practices, and skills through which values and ideals become organizational guiding principles, through which stakeholder empathy is developed and employed in stakeholder relations, and through which imaginative problem-solving becomes part of the strategy making process. For example, an important question for future research is whether moral imagination operates through individual-level cognitive and communication processes that provide inputs into other organizational-level processes, such as marketing and product development, or whether it is designed into specific organizational-level processes for stakeholder engagement (Rindova and Martins 2021, George et al. 2022). Another set of questions should examine whether imaginativeness in context may propagate locally optimal solutions, thereby reducing the coherence of a firm's strategy, or whether it serves as a springboard for discovering novel strategies. A third set of questions calls for connecting moral imagination and temporal work (Kaplan and Orlikowski 2013). In particular, our arguments suggest that moral imagination may affect a firm's temporal depth, which is how far in the past and in the future a firm's temporal horizons extend (Bluedorn 2002). Temporal depth, in turn, could inform our understanding of the differences in the scope of change strategists can imagine and/or are willing to undertake (Rindova and Courtney 2020). Addressing these questions and further incorporating moral imagination in the

microfoundations of strategy has the potential to catalyze not only research on purpose-driven organizations, but also on shaping strategies, future-oriented strategizing, and the exercise of strategic agency in disrupted and polarized market and institutional environments.

Strategic Purpose as a Firm-Level Logic of Action

We theorize purpose as a firm-specific logic of action anchored in processes for articulating, maintaining, and evolving it, as well as blueprints for making credible resource commitments. Our conceptualization of strategic purpose as a firm-level logic of action differs considerably from extant notions of purpose as a speech act, often expressed in mission statements (Morrison and Mota 2021). To an extent, we see the skepticism about the strategic impact of purpose as related to such statements that enable firms to “talk a good talk” but do little to affect how they “walk the walk.”

Conceptualizing purpose as a firm-level logic of action addresses its impact on how firms walk the walk. A large body of work has studied how institutional logics guide and constrain firms (Thornton et al. 2012), and some research has considered how firms hybridize institutional logics to derive guiding principles to achieve organization-specific goals (Dalpiaz et al. 2016, Besharov 2023). Much less research has focused on firm-specific logics of action, such as the “dominant logic” of the corporation, defined as “a mindset or a world view or conceptualization of the business and the administrative tools to accomplish goals and make decisions... stored as a shared cognitive map (or set of schemas) among the dominant coalition” (Prahalad and Bettis 1986, p. 491). Crilly and Sloan (2012, p. 1176) extend this concept to enterprise logic, which they define as how “top managers conceptualize their firm and its relationship with actors in the firm’s economic and sociopolitical environment.” These definitions point to the centrality of such logics to understanding how firms strategize, operate, and interact with stakeholders. They cast firm-specific logics as emerging from an organization’s past patterns of resource allocations and interactions. In contrast, we see purpose as a forward-looking firm-specific logic of action rooted in strategists’ moral imagination and the synthesis of an emergent theory of value about the collective desirable. Research on collective creativity (Harvey 2014) offers further opportunities for strategy researchers to understand how strategists may develop processes that ensure that they step outside the cognitive inertia of their mental models and parlay new and different insights into specific strategic choices (Martins et al. 2015).

Future research examining how strategists convert insights about the collective desirable into specific blueprints for credible commitments and resource allocations can advance our understanding of how strategists embed purpose in the resource allocation process, and sustain

strategic direction while engaging with stakeholders. In addition, future research is needed to understand how purpose-driven organizations design internal processes and/or stakeholder interfaces to perform within such blueprints. Our framework emphasizes the importance of an ongoing dialogue with stakeholders in the process of both developing and enacting purpose. Future research on the organizing processes through which purpose and values are maintained should consider the mechanisms through which firms demonstrate commitment to their purpose, while updating and evolving it to reflect evolving stakeholders needs, experiences, and perspectives. Research on these issues would extend relational stakeholder theory (Bridoux and Stoelhorst 2016) toward managing and profiting from greater dynamism in the organizing of firm-stakeholder relations.

Conclusion

In this paper, we advanced a conceptualization of purpose as originating in strategists’ moral imagination and becoming a firm-level logic of action that provides directional guidance for contributions of the firm and its stakeholders. As Johnson (1993, p. 187) observed, “Ideally, moral imagination would provide the means for understanding (of self, others, institutions, cultures), for reflective criticism, and for modest transformation...” As organizations negotiate complex stakeholder environments, wherein moral questions related to environmental and social issues have become central to competitive advantage, we expect that moral imagination, and the processes through which it informs the development of strategic purpose, will not only benefit organizational performance, but will also expand our understanding of collaborative firm-stakeholder relations that enact purposeful pursuit of growth trajectories that better our economic, social, and natural environments.

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Endnotes

¹ Moral leadership refers to “a situation wherein individuals take a moral stance on an issue, convince others to do the same, and together spur change in a moral system” (Solinger et al. 2020, p. 504) and rests on moral awareness and the moral courage to take a moral stance on an issue.

² Our view comports with Gulati’s (2022) conceptualization of purpose as “deep purpose,” that is, one that orients organizations “existentially around the ‘North Star’ of purpose, articulating *conscious intent* to conduct their business in a more elevated way. ... based in “*a unifying statement of the commercial and social problems a business intends to profitably solve for its stakeholders*” (p. 11, italics in original); that is distinguished from “convenient purpose” (p. 4) which is commonly reflected in the typical firm’s stated purpose

that claims a commitment to goals beyond profit maximization but one that is not deeply integrated with the strategic choices of the firm.

³ We refer to organizational self to preserve the core idea of individual purpose as meaningful to the self and having impact on others (Damon 2008). We use the term consistent with the conceptualization of Pratt and Kraatz (2009, p. 387) based on the view of Mead (1934) of “the self as the ‘whole’ entity that encompasses an actor’s multiple socially ascribed identities, and more specifically as an integrative structure that orders these various identities and binds them together.” They note that, although an organizational self cannot be empirically verified, “it might be *useful* to think of organizations as if they are selves (i.e., as if they are quasi-integrated entities that are made up of multiple, socially ascribed identities)” (Pratt and Kraatz 2009, p. 387, italics in original).

⁴ Shaping intentions are strategists’ preferred future directions of development for their industry and society (Rindova and Courtney 2020, Rindova and Martins 2021). Central to the notion of shaping intentions is that they pursue environmental impact that affects the outcomes of others and not only those of the firm (Helfat 2021).

⁵ In this respect, the collective desirable differs from collective values, which maintain a degree of stability even when they are engaged in dynamic processes, such as those articulated in our model.

⁶ The newly articulated purpose led to another wave of stakeholder collaborations to identify the changes in lifestyle around the world that would help people avoid becoming diabetic (Mayer 2021).

⁷ Mayer (2021, p. 890) goes further in stating that “A purpose is precise about what problems it is seeking to solve, whose problems, how it will solve them, when and why the company in question is particularly well suited to solving those problems.” Although we agree that such firm specificity is important, we stress that purpose reflects the synthesis and balance of multiple tensions including the need to provide a broad frame that gives direction but does not specify exact implementation plans (see Rindova and Martins 2021 for a discussion of the differences between shaping intentions and plans).

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